How to Save a Dying Industry
Also: Art Levine, Macur Olson, Charles Peters

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LETTERS

On Fallows on Fussell

We expect Mr. Fallows to be tiresome, sanctimonious, petulant, and wimpish; but in his underwhelming, over-reaching broadside against Paul Fussell's minor and somewhat forgettable book *Class* Fallows (isn't he the erstwhile draft dodger?) adds intellectual dishonesty to his multitude of sins. Talk about mean-spirited! Fallows's self-righteous indictment of Fussell, which occupies five pages in your rag—pages that might actually have been spent better on the post-sophomoric blatherings of Kathleen Kennedy what's-her-other-name—totally avoids mentioning a sentence of Fussell's that would have rendered Fallows' masturbatory ruminations about Fussell's lack of "research" terminally flaccid. On page 18 of *Class*, Fussell admits: "In attempting to make sense of [class] indicators. . . I have been guided by perception and feel rather than by any method that could be deemed 'scientific,' believing with Arthur Marwick, author of *Class: Image and Reality*, that 'class is too serious a subject to leave to the social scientists.' "

PHIL MAGGITTI
Unionville, Pennsylvania

De Gaulle's footsteps

Throughout his review of Stanley Karnow's *Vietnam: A History* Jonathan Alter dances around the fundamental tragedy of America's involvement in Vietnam. He concludes correctly that the real lesson of the war is to separate "the world responsibilities we assume because we want them from those imposed on us because our actions. . . have left us no choice," but he misses the mark entirely when he asks "Could the American commitment to South Vietnam really have been involuntary?" There was nothing involuntary about it.

As Karnow amply demonstrates, by the end of World War II the Japanese were stationed throughout Vietnam. Ho Chi Minh, the leader of the only truly organized Vietnamese resistance to the Japanese during the war, was appealing to the United States and its allies for the return of his country to the Vietnamese people. Fearful of angering Charles De Gaulle, who wanted to recolonize Vietnam, and having no real Southeast Asian policy to speak of, the Truman administration turned its back on the Vietnamese desire for liberation and allowed the British, who had been given the allied task of removing the Japanese from southern Vietnam, to turn the country back over to the French.

By 1950, after the triumph of Mao Tse-tung in China and the North Korean drive below the 38th parallel into South Korea, the United States had established a policy (or would the better word be reaction?) for Southeast Asia: contain the spread of communism. After the French collapse in 1954 the United States assumed responsibility for the future of Vietnam, regardless of whether the Vietnamese people themselves favored the continued imperial presence of a western power.

The later "Americanization" of the war Alter cites must be placed in the greater historical context of our involvement in Southeast Asia. The United States did not commit its Vietnamese error because it had entered into a war it did not want to win (as the Reagan conservatives would have us believe), nor because we were somehow at the mercy of a weak yet calculating puppet regime, as Alter implies. The U.S. committed its resources to Vietnam because of our historical role in the region, which continued to divide the people of Vietnam after World War II. De Gaulle later warned the United States of its mistake (which he knew of from firsthand experience), but by then such foreign counsel was unacceptable.

America's honor was at stake, and as our history textbooks tell us, we never make mistakes. But we did, and our failure to own up to such modern-day excesses will lead to others. We have only ourselves to blame.

ALEXANDER REYES
Washington, D.C.

Pension contention

As a psychiatrist who spent his entire career with the Veterans Administration instead of money-grubbing from the well-heeled (as Charles Peters calls the rich), I know something about the federal Civil Service Retirement System. I think the part of the article "Hatch 22" [Teresa Riordan], November, that compares Social Security and the civil service retirement was a bit unfair.

Civil service employees have been paying 7 percent of their *entire* wages toward retirement for a long time before Social Security got near there. The 7 percent

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comes out of the income on which federal income tax has been paid. Upon retirement the part paid in is returned first but income tax is paid on the annuity from then on. The plan was intended to be a retirement program and was thought of as a part of the contract under which we worked and without which many of us would possibly have not worked for the government.

Federal employees have always had to pay a percent of their health insurance and continue to do so after retirement. Some, such as myself who have no Social Security entitlement, are not eligible for Medicare.

By the above I do not condone the actions of the federal employee unions which is the main point of the "Hatch 22" article.

I should think *The Washington Monthly* could do better by coming out against double dipping by anyone who has an adequate retirement income and in favor of a fair and decent program for employees in the private sector.

R. E. REINERT
Topeka, Kansas

Ben Franklin on M1

"The Cult of M1" [November, Jonathan Rowe] reminded me of a passage in Ben Franklin's *Autobiography*.

"About this time there was a cry among the people for more paper money, only 15,000 pounds being extant in the province, and that soon to be sunk. The wealthy inhabitants oppose'd any addition, being against all paper currency, from an apprehension that it would depreciate, as it had done in New England, to the prejudice of all creditors. We had discussd this point in our Junto, where I was on the side of an addition, being persuaded that the first small sum struck in 1723 had done much good by increasing the trade, employment, and number of inhabitants in the province, since I now saw all the old houses inhabited, and many new ones building: whereas I remembered well, that when I first walk'd about the streets of Philadelphia, eating my roll, I saw most of the houses in Walnut Street, between Second and Front streets, with bills on their doors, which made me think the inhabitants of the city were deserting it one after another.

"Our debates possess'd me so fully of the subject, that I wrote and printed an anonymous pamphlet on it, entitled "The Nature and Necessity of a Paper Currency." It was well receiv'd by the common people in general; but the rich men dislik'd it, for it increas'd and strength'd the clamor for more money...."

The issues remain the same.

JACK MEYER
Green Bay, Wisconsin

Voucher-safe education

Your thoughtful interest in the issue of educational quality merits consideration by parents and taxpayers everywhere. It is important to realize, though, that the monopoly status of public education is the fundamental cause of mediocrity in government schools.

Undisciplined classrooms, lack of student achievement, and low teacher salaries are *symptoms* of the fundamental problem. For example, parents would assign a much higher priority to teacher compensation and quality than government schools do. Only monopoly control permits the government school system to ignore the concerns of parents and to treat teachers in such a shabby manner.

Government schools have a captive audience. Compulsory education laws, high taxes, and inflation-ravaged income mean most children are trapped in government schools—their parents cannot afford an alternative.

Government schools have no incentive to be good. Their funding does not depend on satisfied customers. Government schools operate with legislative appropriations. The crass reality is that public educators produce revenue with their political activity: they do not need to offer a quality education.

A voucher system will force government educators to change their priorities. In California, we are now working to qualify a voucher proposal for the 1984 ballot. Each child would receive a voucher worth at least $2,000 per year; government and private schools would be authorized to redeem vouchers. In a voucher

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system, school income will depend on satisfied customers, not political muscle. Only when government schools no longer have a monopoly will genuine educational reform be possible.

ROGER MAGYAR
Sacramento, California

The editors reply:

We oppose a voucher system at this time, because we think it would destroy the public schools. On the other hand, we think the threat of a voucher system is needed to overcome the strong resistance to reform among both public school administrators and teachers. So we're delighted that Mr. Magyar is at work. We just don't wish him success—at least until it becomes clear that significant reform of the public schools is an unattainable goal.

Patient, heal thyself

My husband and I just finished reading ["Protection from Catastrophe: The Medicare Reform We Really Need," Phillip Keisling, November].

While we agree with some of your suggestions, we disagree vehemently with your statement that "those of means should help those of need."

Why? Because my husband and I both worked *hard* for 38 years, lived frugally, and had starting wages of $2,500 and $900 a year, but we always tried to save a little. We had a modest home and an old car for many years. We did not spend any money on booze or high living. Some of those people who did now find themselves "in need." Is that what you call "equity"?

As for young people griping about paying some of the elderly's bills, tough! We didn't start out with college educations, starting salaries of $20,000-plus, $100,000 homes, two cars, a boat, and expensive vacations. We gave them a lot.

Therefore, if the federal government needs funds for Social Security and Medicare, why doesn't it buy one less MX missile? And if the young people want less money taken out of their paycheck, let them change their lifestyles and they'll have more in the bank and less spent.

IRENE B. MELVIN
Jensen Beach, Florida

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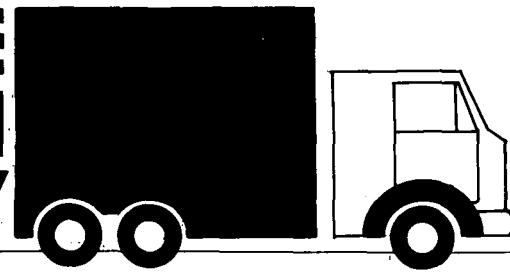

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TILTING AT WINDMILLS

That the politics of special interest has come to be accepted as the American way is suggested by this statement by a Hispanic candidate for mayor of East Chicago who, along with a black candidate, lost to a white even though the local population is 45 percent Hispanic and 30 percent black: "I'd call it a story for Ripley's *Believe It Or Not*."

The New York Times account of the election went on to call it "perplexing that the Hispanic voters do not vote for Hispanic candidates." Nowhere in the entire story was it suggested that the Hispanics might have chosen to vote for the best candidate, regardless of race, or that indeed this is precisely what they should have done. . . .

History has recorded Ronald Reagan's high moral outrage at the shooting down of the Korean airline by the Russians in September. But what happened when an Angolan jetliner crashed in November with a loss of 126 lives and the pro-Western Angolan insurgents proudly claimed credit for shooting it down? From the White House came no long statements of outrage, not even a word of protest. . . .

Thanks to the Reagan tax changes, corporate tax cheating is no longer a major problem. How's that, you ask? "Corporations don't have much of a tax gap anymore," explains Dennis Cox of the IRS, "because they don't pay very much tax." . . .

You may recall that the reason the Air Canada copilot couldn't put out the fire in the toilet was that the plane had the wrong kind of extinguisher. The FAA has reacted to this problem with its usual bold decisiveness. It has under study a "draft proposal" to require two universal fire extinguishers aboard each plane. This is not one of those cases where the cost of safety is astronomical or even large. The extinguishers are cheap, and practically anyone but the FAA would require their immediate installation on all commercial aircraft.

One of the favorite strategies of the FAA is to blame the pilot for anything that goes wrong. Thus they take on only one man, not an entire company or industry—and often that man is dead anyway, having been killed in the crash. So it was not surprising that when the National Transportation Safety Board told the FAA that there was an "unacceptably high" risk that a plane coming into Washington's National Airport might strike one of the Rosslyn high-rises that border the flight path, the FAA replied that "pilot error" was responsible in the cases where jets had come too close to the buildings. Elizabeth Dole, the secretary of Transportation, couldn't stomach that one and overruled the FAA at least to the extent of considering the possibility that the Safety Board might be right.

And in one recent case in which the FAA at last seemed to be trying to do the right thing, it now appears to be backing off. For years, planes coming into and leaving National Airport have followed just two flight paths. This was bad news for the people who lived underneath as planes often thundered overhead every minute or two. So this fall the FAA got its act together and decided to try out a "scatter plan," under which the flight paths would be spread out over the entire area and the noise burden would be shared, instead of falling disproportionately on one group. The predictable result happened. A lot of people who were having jets fly over their houses for the first time complained, and complained loudly. J. Lynn Helms, the FAA's administrator, has responded by indicating that the agency will abandon the scatter plan when the experimental period ends this month. The reasoning is the same as with "blame the pilot." Don't do what's right, do what angers the smallest number of

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people or the weakest lobby.

I wish we had some leaders brave enough to campaign for the scatter plan and to let all the people of the area vote on it. That would be a good test of whether we can put an end to the politics of selfishness, of whether the people are willing to do their part to share common burdens....

The Washington Post's Hobart Rowen has joined the small group of us who are calling on American car manufacturers to reclaim the customers they have lost by cutting prices. Instead Detroit is taking advantage of the economic recovery and the import quota on Japanese cars to raise prices. The quota has in effect created a cartel in which both Detroit and the Japanese are charging higher prices. Rowen says that Japanese cars are now being sold here for triple their normal profit....

The American steel industry is following in Detroit's footsteps. National Steel, about which there is more on page 34, recently raised its prices by 6 percent on the heels of 7 percent raises by Bethlehem Steel and U.S. Steel. They, too, should be cutting their prices and seeking to regain lost markets....

Now for our monthly item on lawyers. Melvin Belli, the famous personal injury attorney from San Francisco, is going to have a busy winter. "Deduct Your Trips to Hawaii," says an ad in the December 5 issue of *National Law Journal*, offering weekly seminars on medical malpractice. "Ski! and Study," says an ad in the December 7 issue of *Legal Times*, offering weekly tax deductible seminars on the same subject in Colorado. Belli is the featured speaker in both ads....

Finally, *USA Today* reports:

"About 100 lawyers shelled out $160 for a seminar in Boston Monday on 'Winning Strategies in Drunk Driving Cases.' Continuing Education Seminars of Annandale, Virginia, will stage 15 such seminars in major cities this fall and winter. One lawyer won five cases with tips picked up at a seminar. His fee per case jumped from $300 to $1,500." And think what a warm feeling it gave him inside to realize he had helped all those drunken drivers escape punishment....

The International Ladies Garment Workers' Union is celebrating. It has succeeded in persuading a federal judge to outlaw a cottage industry that enabled hundreds of Vermonters to make a living in their homes. It began 25 years ago when Annbel Moriarty knitted a hat for her son, Marvin, who was a member of the national ski team.

"He," as Dudley Clendinen of *The New York Times* tells the story, "liked it, as did his teammates, as did the shop owners to whom Marvin showed it. One winter, he took orders for 20,000 hats. Mrs. Moriarty began giving out knitting to other women," and other companies sprang up to make similar hats.

"Knitters all over the state bought machines to aid the work," Clendinen continues. "When winter brought isolation to their village, they sat inside making hats, scarves, and sweaters. 'Handcrafted in Vermont,' their labels said."

The people who do the knitting range from "young mothers with kids at home to farmers with cows at home to women who don't want to stand at a check-out counter all day," to couples in their sixties like Roland and Virginia Gray who live in a house on a valley road powdered and banked with snow just out of Greensboro Bend and downstream from East Calais. "The Grays get less than $400 a month from Social Security. 'Our knitting is our work,' says Mrs. Gray."

Why then does the ILGWU want to take that work away from them? Because it contends that allowing work in the home would make it impossible to enforce minimum wage, overtime, and child labor laws.

Of course such abuses are possible, but don't you know a lot of people who would still rather work at home than in some factory? In other words, does the risk of possible abuse outweigh the immense human value of letting people who want to work at home do so? Maybe the unions ought to ponder the fact that the same Bob Dylan who gave us "Blowing in the Wind" and "Hard Rain's Gonna Fall" is now singing "Union Sundown," with these words, "I can foresee the day when even your home garden is gonna be against the law."...

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If you can possibly avoid buying any drug made by Eli Lilly and Company, I urge you to do so to reward it for putting Oraflex on the market in the United States even though it knew the drug had been connected to 32 deaths overseas, where it was already on sale.

Lilly's defense was that an FDA regulation requiring immediate reporting of any alarming findings about a medicine under investigation did not apply to a medicine that was obtained commercially by those who died. Fortunately a jury in Columbus, Georgia, saw this argument for the sick joke it was and in November returned a $6 million verdict against Lilly in the case of an Oraflex death.

Of course, as *The Washington Post*'s fine investigative reporter, Morton Mintz, points out, that's a minor sum for Lilly. They made $30 million marketing Oraflex before the law caught up with them. . . .

I was delighted to see that *The Nation* had won the most recent round of the Gerald Ford case, in which Ford was contending *The Nation* did not have a right to print part of his book about his presidency. It seems to me that former or present public officials who attempt to exploit their public experience for private profit should be told that experience belongs to the public, not to them. So I congratulate *The Nation* for this victory. But I can't congratulate it for its reporting, at least where it concerns us.

To illustrate the curious sense of fairness that Christopher Hitchens brought to his report in the November 5 *Nation* of *The Washington Monthly*'s Conference on Neoliberalism, compare what he says motivates our concern about the public schools—"when Peters calls for educational reform, he does so because he believes it will make the United States able 'to compete economically with other technologically advanced countries' "—with the statement of mine from which he took the quote:

"Our concern about the public school system illustrates a central element of neoliberalism: it is at once pragmatic and idealistic. Our practical concern is that public schools have to be made better, much better, if we are to compete economically with other technologically advanced countries, if we are to have more Route 128s and Silicon Valleys.

"Our idealistic concern is that we have to make these schools better if the American dream is to be realized. Right now there is not a fair chance for all because too many children are receiving a bad education. The urban public schools have in fact become the principal instrument of class oppression in America, keeping the lower orders in their place while the upper class sends its children to private schools."

By telling only one side of the neoliberal story—the pragmatic one—and concealing from his readers the idealistic side, Hitchens seriously misrepresented us. That he did so deliberately is clear from the fact that one part of the quote immediately adjoins the other. This is not something for *The Nation* to be proud of. . . .

When you hear federal employees complain about how underpaid they are, just remember that the average salary of a white-collar federal worker in the Washington area is now $30,363. There's no misprint. The word is "average" and the salary is $30,363. . . .

Michael J. Montgomery was the head of the social science department at Winston-Salem State University in North Carolina. He was, according to a recent article in the *Winston-Salem Journal*, generally regarded as "intelligent, personable, and a good administrator" who "did a first-rate job." One assistant professor said, "In 22 years of teaching, of all the principals and chairpersons I've had, he was certainly one of the finest."

But Montgomery is no longer at Winston-Salem. He was forced to resign. It was discovered that he didn't have a doctorate—how, after all can you have a chairperson who doesn't have a doctorate—he didn't even have a bachelor's degree. But he was the same man—"first-rate," "one of the finest." Why should the presence or

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absence of paper credentials make one bit of difference? . . .

When I was traveling through the Third World for the Peace Corps in the sixties, I would often hear that the local paper had run a story saying our volunteers were agents of the CIA, of which Sargent Shriver was the secret head. The story was false of course, but I suspect a lot of people in a lot of countries believed it.

I was reminded of this experience by Glenn Frankel's recent story in *The Washington Post* about an article that had appeared in a Zimbabwe newspaper alleging that the United States was planning to test and deploy cruise missiles in South Africa. Frankel learned that the allegation had originally appeared in the Mozambique press; from there it had spread to Ethiopia, Mali, Zambia, the Seychelles, and Angola.

Frankel says American officials believe the story's widespread appearances have been "orchestrated by the KGB." Certainly we entertained similar suspicions in the Peace Corps. It is not hard to plant stories in the Third World. Corruption among journalists there is not uncommon and selling news space is often an accepted practice. But I doubt if such stories would find an audience ready and willing to believe them were it not for the various insanities, like the attempts to assassinate Castro and Lumumba, that our intelligence agencies have proved themselves capable of.

Domestically, this insanity was at its height with the FBI's Cointelpro. Veteran *Monthly* readers will recall that some of the more ludicrous activities were revealed in our J. Edgar Hoover Memorial Series of the Memo of the Month. Last month I was sent two more of these messages that had been found in FBI files. One told of the preparation of a caricature depicting Huey Newton as a homosexual. Another addressed to "Director, FBI," from the Detroit office reads:

"Detroit's proposal regarding stealing of BPP [Black Panther Party] funds by DAVID HILLIARD could be accomplished as follows:

"By directing a letter addressed to NEWTON which should be mailed from Sweden. San Francisco would be in a better position to determine how a letter should be addressed to get to NEWTON. Mailing could be handled by Legat or by SA's assigned to guarding planes.

"The letter itself would be from a deserter from the California area who got drafted and deserted. Deserter is a black power advocate and was associated with BPP movement in California. San Francisco could possibly supply data of known hangouts of BPP members where deserters and homosexuals might also frequent. He is now residing in Switzerland and awaiting the day of the revolution so he can return to the United States and help 'kill the pigs.' In the letter the fictitious deserter would indicate he has become acquainted with and has an affair going with a homosexual who works in a Swiss bank handling numbered accounts. The letter could further indicate the homosexual's great admiration for HUEY NEWTON and NEWTON'S alliance with the Gay Liberation Movement. The homosexual was attracted to the deserter when he noticed deserter with a copy of the Black Panther newspaper. Through relationship deserter has ascertained that HILLIARD has a numbered account and has a considerable amount of money 'stashed' away. Homosexual has not mentioned amount, however, deserter concerned whether HILLIARD is stealing from BPP thereby forestalling the revolution or whether this is the way 'NEWTON' has set up to 'stash' funds.

"Deserter could indicate that he suspects homosexual may be in contact with HILLIARD on a periodic basis as homosexual seems to have access to obtaining BPP newspapers.

"Letter could end with deserter stating he would not identify himself in case letter did not reach NEWTON's hands. Letter should be couched in obscenities and BPP phraseology."

When we're capable of things like that, we can hardly be surprised that the world leaps to believe the worst about us. . . .

There are two questions to be asked about our intelligence agencies. First, does what they are doing represent wise policy? Second, are they doing it well? Cointelpro clearly failed both. As for the second question, among the

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disturbing bits and pieces of information that have emerged since our invasion of Grenada was this fact about the mental hospital we blew up: it wasn't on our maps because we didn't have good maps until we captured them from the Grenadans.

Another fact, upon which both the BBC and *The Manchester Guardian* agree, is that we lost between 12 and 20 helicopters. The BBC's Brian Barron says that the Cubans used SAM missiles and wire-guided antitank weapons "with devastating effect" against the helicopters, which sadly confirms Gregg Easterbrook's predictions (see "All Aboard, Air Oblivion," September 1981) of the fate our helicopters would meet in combat. . . .

I can't resist one more item about our friends of the bar. "Microcomputers Ease Trust and Estate Practice," reads the headline in *Legal Times*. The story beneath said that "with the help of sophisticated computer systems, the labor-intensive area of trust and estates will become more cost-effective." This is a delicate way of dealing with a fact about which most lawyers hope their clients remain innocent. It is that most wills and trust documents are composed largely of boilerplate—clauses, paragraphs, whole sections that are used over and over again. Much of the art of document drafting lies in selecting and combining various boilerplate items. But now, instead of having to look through his form books and files each time, and having his secretary laboriously type up the new combination, he can simply push a few buttons and out comes the finished product. The fee, of course, will remain the same. . . .

In 1958, we conducted our last test of nuclear weapons on Bikini Island in the Pacific. Twenty-six years have gone by without further nuclear contamination. But the Bikini Atoll Rehabilitation Committee, according to *The Washington Post*'s Walter Pincus, says that the island will "remain uninhabitable for a century if no measures are undertaken to remove the radioactive contaminents from the soil." To do that, to make the island habitable again, would cost $100 million. Perhaps those hard-line right-wingers who don't mind incinerating a few million people in a nuclear war will at least be deterred by the taxes they'll have to pay for the clean-up. Bikini is two square miles. That means the postwar cleanup will cost $50 million per square mile. . . .

Television stations, if not gold mines, will certainly do until the real thing comes along. The latest figures available show that their profits rose 25 percent in 1982 to an average per station, including those in the smallest towns, of $1.25 million. All of which reminds me to remind you once more of *The Washington Monthly*'s answer to the problem of television licenses. These licenses, which in effect entitle the holder to print money, are given away by the government. We should either charge for them—how about 50 percent of the profits each year—or, better still, let the owners run for reelection every few years. That way voters can throw out the owner who is giving them lousy programs with too many commercials and try someone else who promises to do better. And if *that* owner doesn't keep his promises, they can vote him out in the next election. This really isn't as crazy as it sounds. Previous licensees could be protected from capital loss by requiring the new licensee to buy or rent their physical plant at a fair price. . . .

The civilian employee of the Air Force who is least likely to be promoted this year is named Thomas Amlie. He is an auditor who in September wrote a memorandum to the Air Force's budget office charging that the armed forces pay "outrageous" prices for weapons because the officers who do the buying don't want to offend defense contractors who might give them lucrative jobs upon retirement. Instead they try to please. "The big spenders are," writes Amlie, "rewarded with cushy jobs after leaving the government."

Since we are often severe in our criticism of bureaucrats, we would like to praise those who do truly outstanding work or who perform with unusual courage, like Amlie. So if you know one, please write me, describing what the employee does that deserves special praise. . . .

We've found some

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surprising allies rallying to the support of some of our causes. The American Medical Association has come out against the insanity defense, and *Business Week* is taking on the public accounting firms that give clean bills of health to companies that go belly up a few months later. *Business Week*'s solution to the problem is "some acknowledgement by accounting firms that audit partners must be insulated from the pressures to keep the clients happy. Their careers and their incomes should not depend on hanging onto a fat auditing contract at the expense of the integrity of the auditing function. If it means forgoing some profits, so be it."

I'm delighted that *Business Week* is willing to go this far but I fear it is not far enough. However he is insulated from pressure, the auditing partner is still going to be reluctant to take bread out of the mouths of his partners. A better solution to the problem is to completely eliminate the pressure to please the client by having the auditing firm selected not by him but by a third party such as the SEC. . . .

Canadian justice seems to have that same sweet solicitude for the wealthy criminal that has long been such a pillar of our own legal system. The Amway Corporation was guilty of criminal fraud against the Canadian government amounting to $28 million. The four top officials of the corporation could have gotten up to ten years in prison. What happened? Charges against them were dropped; the company paid a fine. . . .

As for the state of American justice, consider that this month Dan White will be released from a California prison just five years and two months after he murdered George Moscone, the mayor of San Francisco, and Harvey Milk, a city supervisor, by firing bullets point-blank into their brains. White's defense, you will recall, was that he ate too many Twinkies and got depressed.

A final item to add to our list is the case of a woman in West Virginia who was forced to engage in oral sex with three deputy sheriffs. One was granted immunity in exchange for his agreement to testify against the others. Each of the men got off with a fine and probation. They were officers of the law who had committed a violent crime. It was, as the state president of the National Organization for Women said, "like a grade-B southern sheriff movie." . . .

I am worried—really worried—about the possibility that the Syrians or some terrorist group will score a lucky hit and sink the *New Jersey* or one of our carriers off the coast of Lebanon and that Reagan will then feel he has to retaliate with an equally harsh blow and suddenly we'll find ourselves at war.

The Falkland Islands demonstrated the vulnerability of surface ships to guided missiles. This magazine has long maintained that the Navy should rely far less on surface vessels, and far more on submarines. Instead we are steadily reducing the

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number of submarines while building more and more sitting ducks....

I'm beginning to suspect that Ben Bradlee has me wired. Just as we go to press saying that *The Washington Post* doesn't do enough substantive local stories, a flurry of them appears, forcing us to moderate our tone and concede that the paper is not totally devoid of virtue. In the week we were going to press with the story that begins on page 14, for example, the *Post* carried major stories on the educational impact of increased expenditures by the area school systems—the money went to "new programs and increased personnel benefits for employees rather than upgrading the traditional academic core"—and on the District of Columbia's "haphazard and inefficient" tax collection system....

The Book of the Month Club is pretty much of a rip-off—you can usually buy the books and the dividends elsewhere for a lot less—but occasionally they come up with recordings that atone for their sins. A couple of years ago it was a marvelous album of songs recorded by Fred Astaire in the early fifties, accompanied by a remarkably skillful jazz group that included my favorite tenor saxophonist, Flip Phillips. Now it is a recording of the Theatre Guild's 1944 production of *Othello*, which was the finest Shakespeare production by an American company that I ever witnessed. Paul Robeson played Othello and Jose Ferrer was Iago. They were good enough that thereafter I could never imagine anyone else in the parts. What a tragedy that Robeson's career was ruined by the Red-baiters and that Ferrer has frittered away his later years on a series of unworthy parts....

Speaking of Red-baiting, the death of the Latin American scholar, Angel Rama, in the recent crash of the Colombian airliner near Madrid, was a reminder of how the Reagan administration has reinstated this miserable legacy of the forties and fifties. In 1981 he had been appointed a professor at the University of Maryland, but, Anthony Lewis tells us, "last year the Immigration and Naturalization Service denied his application for permanent residence in the United States." Why? The I.N.S. cited the ideological exclusion provisions of the McCarran-Walter Act, which bar anyone with communist beliefs or associations. With that, Mr. Rama entered a legal nightmare.

"The I.N.S. would not tell him what the specific charges were. Its decisions simply recited the language of the McCarran-Walter Act, for pages, with no reference to anything that he had done or said. His lawyer, Michael Maggio, could get no particulars"...

"I was very angry," Mike Donovan of New York wrote me last month, "when I read the enclosed Mobil editorial in the December 1 *New York Times*. Particularly distressing was the statement attributed to the neoliberals which says, 'that powerful unions and bureaucratic regulators are impeding industrial productivity.' "

Well, Mike, we were angry, too. When a woman from Mobil called me before the ad ran to check the copy, I insisted that quote would be fair only if "greedy management" was included as a major factor impeding industrial productivity. I repeated that position at least twice during the conversation.

I also protested the ad's characterization of our position on welfare: "The federal welfare system keeps generation after generation on the dole." I explained to the woman that we favor welfare for all unemployed men as well as for unemployed mothers and children and that we support a work requirement for the men and for the mothers once their children reach school age. None of that appeared in the ad, either.

This is especially ironic in light of all the pious pronouncements about the importance of accuracy in the media that were featured in Mobil ads while its chairman's libel suit was pending against *The Washington Post*. It also, along with *The Nation*'s article I quoted earlier, demonstrates the terrible problem neoliberalism has with those on the right and left who distort its positions and cause people like Mike Donovan to think we're something we're not....

—*Charles Peters*

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WHO'S WHO in the Administration

The White House is beginning to wonder about the CIA's failure to give our troops the right information about Grenada. The agency's excuse—it was handicapped by **Jimmy Carter**'s cutbacks—doesn't ring so convincingly after 35 months of the Reagan administration....

One of the great problems in getting sensible positions from this administration arises from the fact that the assistant secretary level is populated largely by conservative and libertarian ideologues who never let the facts interfere with their prejudices. This is especially a problem with defense—practically everyone outside knows we have a lot of weapons that don't work or aren't needed, but top officials feel they must never say anything bad about any of those weapons. These appointments were made largely because the Nofziger-Meese faction had become alarmed about moderate infiltrations of the White House in the first days of the administration and had begun to insist on ideological purity and Reagan loyalty in the appointments made at the lower cabinet levels in February, March, and April of 1981....There's a high probability that the Reagan administration, if reelected, will seek tax increases immediately but under the guise of tax simplification and reform....

The next great scandal in Washington may be prompted by the large number of homosexuals in the Reagan Administration. Thirty years ago gays tended to be liberal. Today, Robert Bauman is hardly the only conservative whose sexual preference departs from the Administration's preachings....The scariest thing about the 007 episode to the thoughtful people working in the national security area was the bureaucratic rigidity displayed by the Russian commanders and the ineptitude of the Russian pilots, who weren't able to identify the most identifiable silhouette since the P-38....A major problem for Senate Republicans on defense issues is that there are no **Ernest Hollingses** or **Gary Harts** or **Sam Nunns**—men who want a strong defense but know enough about the subject to know where the real waste is....

The moderates at the White House thought they had triumphed when they got rid of **Judge Clark**. But what kind of triumph of moderation were the air strikes in Lebanon?... By the way, **Paul Thayer**, the one man the moderates were relying on for restraint at the Pentagon, has been cut off at the pass by **Caspar Weinberger**....

In

WHITE HOUSE

Assistant to the President for Legislative Affairs—**M.B. Oglesby Jr.** has been deputy assistant in charge of House liaison.

Associate Director for Management, Office of Management and Budget—**Arlene Triplett** has been an assistant secretary of Commerce.

COMMERCE

Acting Assistant Secretary for Trade Administration—**William T. Archey** has been deputy assistant secretary for trade administration.

JUSTICE

Assistant Attorney General, Antitrust Division—**J. Paul McGrath** has been assistant attorney general for the civil division.

STATE

Coordinator, Public Diplomacy for Latin America and the Caribbean—**Otto J. Reich** has been assistant administrator of the Agency for International Development.

Ambassador to Czechoslovakia—**William H. Luers** has been ambassador to Venezuela.

Ambassador to Ireland—**Robert F. Kane** has been director of a California law firm.

AGENCIES AND COMMISSIONS

Member, Securities and Exchange Commission—**Charles C. Cox** has been chief economist at the SEC.

Member, Commodity Futures Trading Commission—**William E. Seale** has been vice president of government relations at the New York Commodity Exchange.

Out

WHITE HOUSE

Communications Director—**David R. Gergen** is resigning to take a fellowship at the Harvard Kennedy School of Government.

COMMERCE

Assistant Secretary for Trade Administration—**Lawrence J. Brady** has resigned to run for a congressional seat in New Hampshire.

JUSTICE

Assistant Attorney General, Antitrust Division—**William F. Baxter** has resigned to resume teaching law at Stanford.

STATE

Ambassador to Ireland—**Peter H. Dailey** is resigning to become vice president of the Interpublic Group of Companies.

AGENCIES AND COMMISSIONS

Member, Securities and Exchange Commission—**Barbara S. Thomas** has resigned to work in private business in Hong Kong.

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The Washington Post

Monopoly Profits and Broken Promises

Every now and then those of us who enthusiastically endorse the virtues of capitalism get a glimpse of its unattractive side. One particularly vivid moment of self-examination for the news business came in 1981, when the *Washington Star* ceased publication, abandoning the field to *The Washington Post*, for the past two decades the capital's number-one newspaper. As any red-blooded capitalist will tell you, our system thrives on competition; this competition provides the customer with a range of choices and also tends to make each business try to do a better job than the other guy. But what happens when one business competes so successfully that it eliminates the competition?

This was the awkward question faced by *The Washington Post* when its long-suffering rival finally succumbed in the summer of 1981. The question was especially awkward for the *Post* because it was a newspaper, and therefore obliged to comment on its new monopoly status. When the *Post* published its editorial on the *Star*'s passing, it in effect answered the monopoly question with an assurance that now there were "new obligations on this newspaper," and that the *Post* would have to "search for ever more ways to make our pages and our services responsive to the needs of the community."

It is reasonable to assume that these words were more heartfelt than the usual corporate PR. As corporate enterprises go, newspapers are unusually idealistic; they exist, at least in part, to hold the rich and powerful accountable to ordinary people, a task that the *Post* performed most memorably in its coverage of the Watergate scandal. Moreover, the *Post* had a long tradition of family control, which gave it a sense of pride and purpose that made it rightly feel that it was "more than a business." If any corporation among the *Fortune* 500 could be expected to behave in a way that would make us proud to be capitalists, it would be the Washington Post Company.

So it is a little disappointing to find that two years after the fading of the *Star*, the talk these days on the *Post*'s newsroom floor seems to dwell less on how to be "responsive to the needs of the community" than on how to divide up the newspaper's impressive new profits. Washington Post Company stock has shot up 117.9 percent in the last two years; company profits for the first three quarters of this year are up 170.7 percent from the comparable period in 1981, largely thanks to the fact that *The Washington Post* is now a monopoly newspaper. These riches were put on lavish display last winter when the Washington Post Company spent more than $1 million to celebrate *Newsweek*'s 50th anniversary. Among the festivities was a sumptuous black-tie dinner that the company threw in New York to impress *Newsweek* advertisers, followed by pious recitations from Lauren Bacall, Hume Cronin, Jessica Tandy, and James Earl Jones on what it meant to be a journalist, and a multimedia celebration of *Newsweek*'s first 50 years produced by Lorne Michaels, the man who gave you "Saturday Night Live."

Far from being a bout of momentary giddiness, the *Newsweek* bash was typical of the *Post*'s willingness to spend money on things that do little to serve its readers. Enormous salaries and perks adding up to hundreds of thousands of dollars are routinely lavished on top management. Meanwhile, the Newspaper Guild, which has never had much reason to worry about the ability of the *Post*'s reporters and editors to keep a roof overhead—the average salary on the newsroom floor is $43,500—has acquired a new militancy in its clamoring for higher cost-of-living

Timothy Noah is an editor of The Washington Monthly. *Ben Holmes provided research assistance for this article.*

By Timothy Noah

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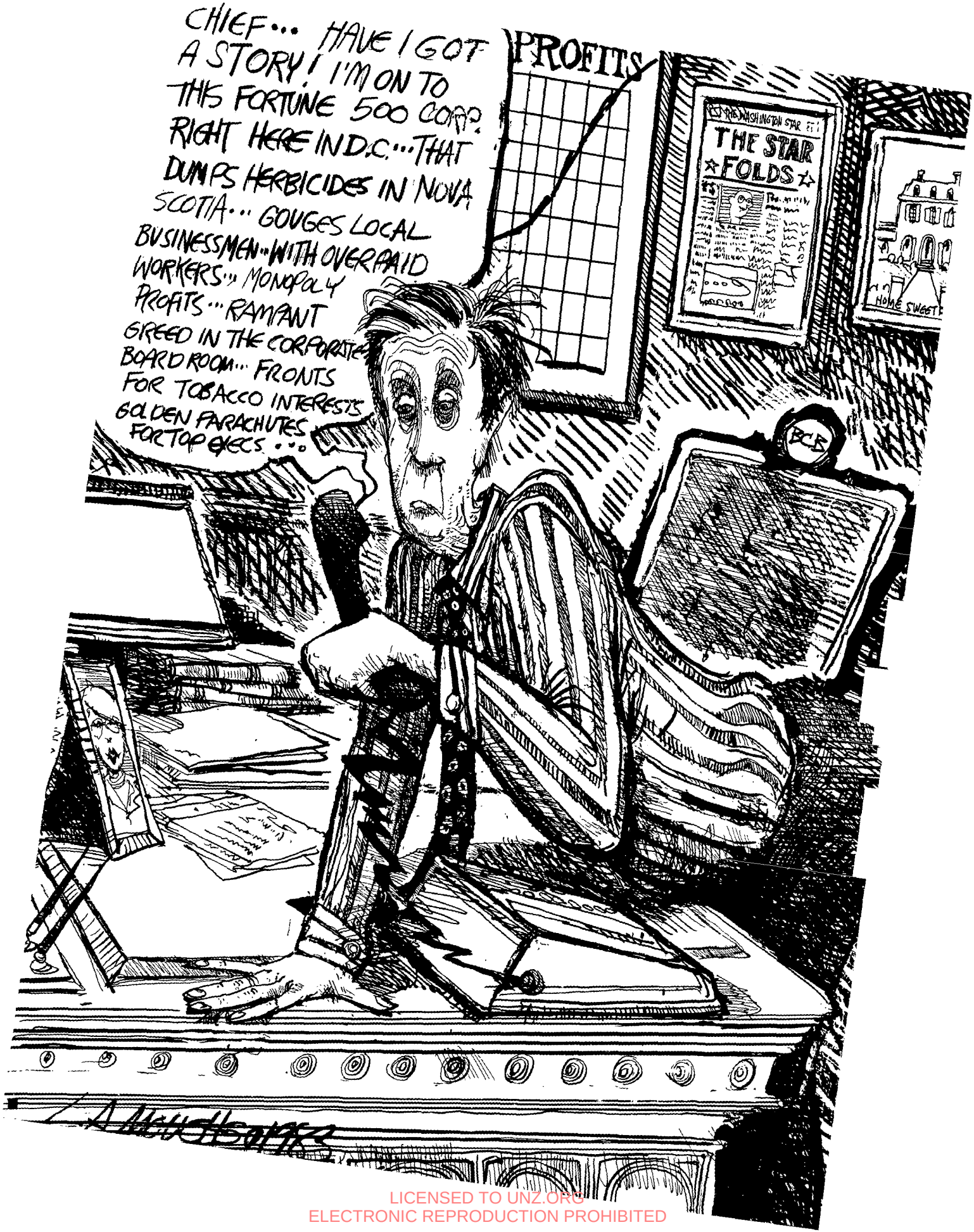

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4 WAYS TO SPOT A MONOPOLY

1.
The Price Test

When Washingtonians reached down one recent Sunday morning to pick up their Sunday *Posts* from their front stoops, they were greeted with an announcement discreetly boxed in the lower right-hand corner of page one that said home delivery to "Sunday-only" subscribers would henceforth cost not $1 per copy, but $1.25 per copy, a 25 percent increase.

"This is the first increase in the Sunday-only home delivery price in almost three years, or since March 1, 1981," the paper proudly proclaimed. The message the *Post* was trying to convey was that it was being responsible because it hadn't had a cost-of-living increase since the *Star* folded. But inflation hasn't gone up 25 percent since March 1981; the Consumer Price Index rose only half that amount in this period. And Post Company profits for the first three quarters of 1983 were nearly three times those for the same period in 1981.

increases, higher minimum salaries, and more overtime. The only thing labor and management seem to agree on is that, so long as the usual contributions to the United Way and assorted other charities are made, the *Post*'s profits shouldn't weigh heavily on anybody's conscience.

And what's wrong with that, you may ask. If Katharine Graham wants to throw a party, or overpay her executives, why shouldn't she? And if the *Post*'s reporters want to siphon some of the fruits of their labors their way, why shouldn't they? After all, unlike greedy managers and unions in, say, the steel industry, these people find themselves in the pleasant position of having hefty profits to divvy among themselves. Isn't making money what capitalism's all about?

Well, yes. But in the best companies, and particularly monopolistic ones, you expect a dedication to both the enterprise and the community that occasionally puts questions of profit and individual gain aside for the sake of something larger. To some extent, the *Post* does embody that spirit; its reporters and editors genuinely care about making the world a better place in a way that people who work for, say, DeBeers do not. But at the same time, the moral standard that the *Post* sets for itself—the standard not of mere profitability but of responsibility and excellence—needs to be taken seriously, and by that measure, the *Post* has failed. In part, this is because of attitudes and values among the staff that have long plagued the *Post*. (See "Making It At The Post" by Joseph Nocera, January 1979.) But let's examine another reason: the pressures brought by employees and stockholders to maximize profits.

No Mersey

We'll begin our inquiry into the *Post*'s adherence to its idealism with a 1979 editorial that appeared in the *Post* after a rash of miscarriages in Oregon that were attributed to spraying of the herbicide 2,4,5-T. The editorial expressed deep sympathy for those who had to endure the "recurrent nightmare," and concluded that "if regulators must err, they should do so on the side of caution." But the *Post*'s own primary paper supplier—the Bowater Mersey Paper Company in Nova Scotia, which the Washington Post Company owns jointly with a company called the Bowater Corporation Limited—itself routinely ground sprays the evergreens that it uses to make pulp with the herbicides 2,4,5-T and 2,4-D. (The herbicides kill off any deciduous trees that might spring up amid

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the evergreens.) The herbicide 2,4,5-T has caused particular concern because it contains dioxin; at the time the *Post* ran its editorial, the Environmental Protection Agency had already banned its use in forestry, and last October—under an administration not known for environmental activism—the EPA banned all other uses of the chemical.

Residents of Nova Scotia, where 2,4,5-T remains unrestricted, are understandably resentful of the idea that an American company is permitted to do to someone else's environment what it is forbidden to do to its own. "It's like a third-world chemical-dumping issue to the people here," says Peter Cumming, a local writer who has been following the herbicide debate. The Canadians are particularly rankled by the fact that the polluter is a newspaper that has editorialized sanctimoniously about the dangers of herbicides. The irony is not a new one: the Bowater Mersey plant has for years been a target of complaints from local environmentalists. (As far back as 1970, Dirk Van Loon, a Nova Scotian, detailed in *The Washington Monthly* the company's policy of dumping untreated effluent into the Mersey River, acidifying the waste and sending noxious sulfur dioxide into the air.) In response to the recent herbicide spraying, a few local environmentalists contacted Guy Knight, a corporate spokesman for the *Post*, and asked about the gap between theory and practice. Knight told them that Bowater Mersey's decision to spray the herbicides was an "operating decision" that was up to Bowater Mersey, not *The Washington Post*, a position he reaffirmed to me when I called to check up on this. When I asked Knight why the *Post* didn't interest itself in Bowater Mersey's "operating decisions," he explained that the Washington Post Company was a "minority shareholder" in the company. But the *Post*'s "minority share" is actually 49 percent. Shouldn't a company that owns 49 percent of a paper mill be curious about its daily operations? "It's not because we're not interested," Knight explained. "It's a matter of resources."

Boisfeuillet Jones Jr., the *Post*'s in-house lawyer and a member of the Bowater Mersey board, was slightly more reassuring when I spoke to him about this; he said that the *Post* had asked Bowater about the herbicides, and had been told that all use was far away from population centers. Still, the EPA in America hasn't said 2,4,5-T can't be used near population centers; it has said the chemical can't be used at all. Doesn't he feel queasy about the *Post* spraying chemicals abroad that its government won't permit it to spray at home? "*The Washington Post* has less of a stake in that than the people of Nova Scotia," he answered. If Jones—who is one of the most public-spirited employees at the *Post*—feels this way, one can only wonder how little fretting goes on about the environmental problems of far-off Nova Scotia among those *Post* managers who are less predisposed to worry about such things.

Wringing the Retailers

Closer to home, the *Post* has contradicted its self-proclaimed commitment to the community since the passing of the *Star* by taking advantage of its monopoly status and tightening its grip on advertisers. In the year after the *Star* folded, the *Post*'s circulation shot up more than 18 percent, from 627,000 to 744,000. *Post* employees are quick to explain that although this lowered the unit cost of producing a newspaper, it also required buying a new plant, acquiring more newsprint, and hiring more distributors, all of which threatened to lower the *Post*'s overall profit margin if ad rates didn't rise. (When you buy a newspaper, your quarter doesn't cover the full cost; the difference, and the profit, come from advertising.) But Post Company profits in the years since the *Star*'s demise haven't just held steady; they've risen quite steeply—60 percent in 1982 alone. A comparable figure for the newspaper itself is harder to determine—the *Post*'s profits get mixed in with those of the *Everett Herald* and a few other holdings—but there's no question that at the very least, the paper's profits nearly doubled that year. Given the *Post*'s prosperity, you would expect that in the midst of the 1982 recession it would have been willing to go easy on its advertisers, who were suffering far more than the *Post*. No such luck. The *Post* raised classified and retail advertising rates 13 percent in 1982, and an additional 9.5 percent last February, when the recession was just beginning to subside.

This wasn't the first time the *Post* put profit maximization over the concerns of local businesses during hard times. When the paper's advertising linage fell during the 1974-75 recession, it chose to raise rather than lower its rates, comfortable in the knowledge that even with a competitor in town, the *Post* had a firm hold on its advertisers. This uncharitable attitude has only grown now that the *Post* has become the only major metropolitan daily in town (excluding *The Washington Times*, which has failed to acquire

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a significant circulation and thus carries few advertisements). The *Post*'s recent rate increases make it clear that the paper's desire to serve the community doesn't get in the way of taking full advantage of its captive market.

On the other hand, there is one group of advertisers that the *Post* has been too generous to: cigarette manufacturers. This is generally considered a banal point nowadays, but cigarettes annually cause 300,000 deaths. Unambiguous epidemiological studies linking cigarette smoking to lung cancer have been reported on in newspapers like the *Post* for years, and recently the *Post* quoted Surgeon General C. Everett Koop as announcing at a press conference that "smoking actually causes more deaths annually from coronary heart disease than from all cancers." Ironically, the same news story quoted Koop as saying that ending federal price supports for tobacco probably wouldn't help much because lower prices for tobacco would leave cigarette manufacturers with more money to lure customers through advertising. But what if newspapers like the *Post* refused to run the ads? The *Post* avoided that angle in the Koop story. A quick glance through the paper should tell you why: the *Post* routinely carries even the most outrageously immoral ads—the ones that sell cigarettes not on the basis of "low tar content" but on the basis of sex appeal or rugged, Marlboro-man individuality—even though company policy dictates that the *Post* refuse ads which "harm people."

The *Post* chooses to defend its cigarette advertising on free-speech principles. As Donald Graham told me, "The policy of the paper is that we try to allow people a very broad right to say what they want in paid advertisements in the paper." But we're not talking about political speech; we're talking about the right of cigarette advertisers to try to entice readers into buying products that their government says will kill a significant number of them. Can't the *Post* afford to be a little less scrupulous about protecting the rights of its advertisers to hawk harmful products and a little more scrupulous about judging the dangers those products pose to public health? "I just don't feel comfortable doing that," Graham says.

Interestingly enough, the *Post*'s own TV and radio stations have been willing to make the judgment that Graham won't make for the *Post* itself; they took cigarette ads off the air two years before the federal government issued its compulsory ban in 1971. *The New Yorker* has been making the

4 WAYS TO SPOT A MONOPOLY

2. The Prima Donna Test

Perhaps you wonder whether the *Post*'s combination of power and wealth encourages reporters to be just a teeny bit more childish than they might otherwise be. The example of Tom Shales, the *Post*'s television critic, certainly suggests this. Along with a few other local TV critics, Shales shares advance videotapes of upcoming TV shows that are distributed by local stations. But because Shales was late in returning two recent videotapes to a local station in time for *The Washington Times*'s TV critic to see them, the *Times* was unable to review the programs before they aired.

When I asked Shales about this, he said, "I can't schedule my life around the logistical problems of *The Washington Times*. It's a living hell as it is trying to review television."

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same judgment for years. And its refusal to take cigarette ads has not kept it from being hugely profitable, even though it is not a monopoly like the *Post*.

'They Want to Dominate'

We seem to keep getting back to that word, "monopoly." Try as the *Post* might to be genuinely public-spirited, it can't avoid falling prey to unchecked fantasies of ever-larger profits. These temptations have repercussions not only for the newspaper's environmental policies and the way it treats its advertisers, but also for the editorial product itself. Thus it is particularly distressing that the *Post* is unwilling to take a step that would not only benefit its captive readership but also promote the long-term excellence of the newspaper: namely, create some editorial competition for itself.

Before the *Star* folded, there was some talk about the *Post* entering into a joint operating agreement with Time Inc., the *Star*'s last owner; unfortunately, there were some fairly daunting obstacles to this, probably the most decisive being that the *Star* was distributed by the Teamsters, a union the *Post* had long avoided by working through a complicated network of independent distributors. The *Post* also had reason to be wary of entering into a partnership with Time Inc., which had done a surprisingly poor job of running the *Star*. Discussions about whether Washington had to become a one-newspaper town with the folding of the *Star* usually begin and end on this point.

But there was a better alternative open to the *Post* to preserve newspaper competition in Washington: it should have started its own afternoon daily. The *Post* thought enough of this idea to appoint Howard Simons, the managing editor, to head an ad hoc committee to look into it, and to do some preliminary market research. The logistics were tricky, but not impossible; the key was not to maintain an expensive advertising staff. (Advertising is the traditional bane of second newspapers because it flows disproportionately to the number one newspaper.) Advertising would not be needed if the huge expense of home delivery were avoided by selling copies only through newsstands and vending machines. According to the company's projections, if 125,000 copies could be sold at 25 cents apiece, the enterprise could break even. At worst the *Post* might have lost five or six million a year on the proposition—considerably less than the $20 million it lost on *Inside Sports*, a publication whose sole reason for existence was not foolish idealism but a misplaced "commercial" calculation that *Sports Illustrated*'s market could be snatched away.

Why didn't the *Post* try an afternoon newspaper? As Donald Graham now remembers it, the decision was "not primarily an economic one," but rather grew out of a sense that "it is a damn hard job producing one good newspaper." But that's exactly the point: it is much more difficult to put out a good newspaper when you don't have a competitor to keep you on your toes than it is when you do. As Dave Kindred, a *Post* sportswriter, wrote after the announcement of the *Star*'s closing, "You save nothing back, no good lines, no good quotes, when you know the guy at the next typewriter will miss nothing. You go full-bore every day, all day." Perhaps naively, I expected that, in talking with reporters, editors, and corporate officers about the *Post*'s decision against starting a competing newspaper, I would hear bitter expressions of anger—off the record, of course—at the company decision to take the safe, profit-maximizing course rather than the risky, adventuresome one that might keep the enterprise first-rate in the years to come, when memory of the *Star* had faded. But instead I found that people who had participated in discussions about starting the second newspaper wouldn't say anything beyond yes, they'd considered it, and no, it hadn't been a good idea—some pleading a faulty memory for the particulars, others saying they simply wouldn't say more. The irony of these newspapermen refusing to criticize their own organization hit home soon after I conducted these interviews when the *Post* ran a story about a local police officer who had blown the whistle on a fellow policeman who had committed assault on a defenseless suspect while several other officers silently watched. The story had first come out the year before in a *Post* investigative series; now, thanks to the whistleblower's heroism, the offending officer was entering a guilty plea in court. The *Post* deserved to take a bow for its role in getting the whistleblower's story out, but I couldn't help wondering why its own employees wouldn't follow his example.

Even among the rank and file, who could plausibly plead ignorance about the details of the plan, the most common reaction seemed to be surprise that anyone was still talking about that option. Didn't I realize that the *Post* was a business? Blaine Harden, a *Post* reporter who

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recently left to work for *The Washingtonian*, put it this way: "They want to dominate things. Why would they encourage some system that would make their lives miserable?"

Playing the Victim

That isn't a frivolous question. If the *Post* wants to live up to its high ideals, the people who derive their livelihood from its profits need to make life inconvenient for themselves. They need to holler about their company's hypocrisy on environmental safety; about its insensitivity to its captive advertisers; about its complicity in the death by heart disease and lung cancer of cigarette smokers; and about its unwillingness to subject its reporters to the rigor of outside competition. That is a lot to ask of a capitalist. But it shouldn't be too much to ask of the kind of people we associate with enterprises like the *Post*—people who could have gone to law school or business school and joined the system, but instead chose to work for an institution that at its best stands skeptically apart from the system. And yet, people who work at the *Post* tend not to allow themselves to worry about such things. Instead, they worry about money.

Everybody who works at *The Washington Post* is well-paid, but the best-paid, of course, are in management. Mark Meagher, for example, who was president of the Washington Post Company until just before the *Star* folded, was given $537,587.50 for his stock options when he left, plus a 15-year golden parachute of $1,258,600—a total of almost $1.8 million. The man who replaced Meagher, Richard D. Simmons, was lured to the *Post* with not only a salary of $275,000, but an additional $275,000 for saying "yes." He also got "incentive compensation" in cash and stock worth $361,050 in the first four months on the job, plus a guaranteed annual bonus of $110,000.

If you've heard these figures before, it's because *Post* reporters haven't been shy about making a big stink about them; in fact, the information has been widely circulated in a series of memos written by Morton Mintz, one of *The Washington Post*'s ablest investigative reporters, for the Washington/Baltimore guild unit. Taken as a whole, Mintz's memos illustrate what's wrong not just with the *Post* but with the way corporate executives are paid generally. The problem is summed up in one Mintz memo this way: "Everyone is rationally responding to individual incentives, but the sum total of those individually smart decisions is social stupidity."

Those aren't Mintz's own words; Mintz borrowed them from one of Lester Thurow's *Newsweek* columns in order to underline the *Post*'s hypocrisy. Unfortunately, the words apply equally well to labor's traditional reaction to inflated executive pay. Rather than denounce absurdly high corporate salaries as a threat to their company's productivity, unions tend to use these grotesquely high wages as a sort of Golden Fleece to pursue for themselves. Easing their consciences with the sure knowledge that the rank and file will never achieve salaries comparable to their corporate adversaries, union leaders nevertheless seek to inch a little closer so as not to be played for suckers, even if the rank and file are already overpaid. This is the attitude that prevails among members of the *Post*'s guild unit. No guild activist at the *Post* has been so idealistic as to suggest that *both* corporate executives *and* reporters would be well taken care of if executive salaries were radically lowered while reporters' salaries stayed the same; instead, the goal is to take from the executives in order to raise the pay of reporters. If the guild ever achieved this goal, the result would be a redistribution of income among people who, by the standards of the outside world, are all well-off. Thus the wiser *Post* reporters scrupulously avoid defining social justice in terms of the world beyond the walls of the *Post* building. As one reporter involved in guild politics explained it to me, "People aren't complaining they're not being paid well. They're complaining about not getting their fair share."

There is something refreshing in the willingness of *Post* reporters to concede that their wage demands have nothing to do with the real world. Laborers in other professions—both the automobile and the steel industries come to mind—aren't always so honest. But how can workers justify carping about "getting their fair share" when they're so obviously better off than most people? The answer is, by pretending to be the victim of something beyond their control. "You always have to remember," one reporter who had just gotten a raise confided to me, "that you work for this big, ugly corporation which wants to make money." Another reporter, who worked on the bargaining committee, agreed to tell me her salary: it was over $40,000 a year. "But it gets taxed to death," she added, only half-kidding.

Feeling like a victim makes it easier for *Post* reporters to make demands that might otherwise seem to have a make-believe quality: for example, in the past they have asked for a 28-hour

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work week with double-time pay for overtime and a 13-week paid vacation every five years. But the worst consequence of playing the victim is that it keeps workers from raising larger questions about the enterprise to which they belong. This can be seen in the *Post* reporters' argument that they should be paid as much as their peers at other successful newspapers. As Donald Graham, the *Post*'s publisher, pointed out to me when I asked him why the *Post* paid its top executives so much money, "It's a little tough to argue that on the one hand the *Post* ought to keep a weather eye on *The New York Times* and the *Wall Street Journal* and the *Los Angeles Times* and the other top papers in deciding how much reporters ought to be paid but that business executives ought to be paid much less than those at other companies." But couldn't an organization as prestigious and idealistic as the *Post* deny the "comparability" measure to *both* labor and management? Rather than answer that question, Graham pointed out to me that, actually, the *Post*'s reporters do a little better by the "comparability" measure than its executives. The head of the *Post*'s guild unit, Martha Hamilton, spent some time trying to prove the opposite to me—that, actually, the reporters do a little worse on the "comparability" scale. Ultimately, however, it's a trivial issue. Neither side wanted to talk about the larger question: whether the *Post*'s nobler ideals were really served by having its reporters and corporate executives fret more about whether they were being paid better than their friends at other companies than about whether their company was upholding its responsibility to the people whose lives are affected by the *Post* but who aren't on the payroll.

Who's Minding the Mayor?

That's a shame, because if the game of economic leapfrog so typical of labor and management in our economy didn't have to be factored in, the *Post* would have more freedom to live up to its pledge to take responsibility for the larger community of which it is a part. Let's consider one particular economically "foolish" decision that has been ruled out: the decision to start up a second paper. A second newspaper in Washington might not be necessary to energize the *Post*'s national and international staffs, which have always tended to compete with the *Wall Street Journal* and *The New York Times* anyway. But it would help energize the local coverage. The comparatively unglamorous task of providing

4 WAYS TO SPOT A MONOPOLY

3. The Night Baseball Box Score Test

Immediately after the *Star* folded, *The Washington Monthly* announced the Night Baseball Box Score Monopoly Test. Since the *Star*, which was an afternoon newspaper, always picked up late-night box scores that the *Post*'s early editions missed, Washington sports fans had no trouble getting the details on these games. After the *Star* folded, we expected to see a better effort at the *Post* to consistently report these late-night box scores, but readers often miss them.

The reason is that the various editions of the *Post* aren't distributed in any systematic way; you may get an early edition thrown onto your stoop one morning and a late edition thrown onto your stoop the next. So the *Post* has no way of knowing—and won't make the effort to find out—whether you got the late-night box scores in yesterday's paper or today's—or not at all.

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local news to the people of Washington is the *Post*'s most important task, if only because there are so few other places where that news is likely to appear. That doesn't keep reporters at the *Post* from hungering to leave the Metro desk as soon as possible to join the more prestigious national and international staffs. But a sense of this responsibility did move the *Post* to declare in its editorial on the passing of the *Star*, "We are first and foremost a local paper for the people of the Washington area," and to boast that in absorbing reporters from the *Star*, the *Post* was "adding more to our local staff than to any other." It is therefore disappointing to observe that while the local staff has indeed been beefed up, and the number of column inches for local reporting has increased, the *Post*'s local coverage has failed to fill the gap left by the *Star*'s passing, and in some areas has actually declined.

One area where the *Post* is doing a noticeably worse job is in its coverage of Marion Barry, the current mayor of Washington, D.C. Since Barry first came to office in 1978, a number of *Post* stories on city government have left the strong impression that the Barry administration is rife with corruption at worst, and gross inefficiency at best. But while the *Post* was eagerly digging into these stories during Barry's first administration—when the *Star* was still around—there has been a slackening now that the *Star* has left town. For example:

—In the fall of 1982 the city collected bids for development rights to the abandoned trolley tunnels below Dupont Circle. The city chose a bid by a company headed by William B. Fitzgerald Sr., who is also the president of Independence Federal Savings, where the mayor's wife is a director. According to one of two fairly brief accounts in the *Post*, the D.C. auditor found that the selection process bypassed the usual safeguards against favoritism, and "served to bring the integrity of the entire selection procedure under question." The *Post* stories (along with more extensive coverage in *The Washington Times*) did lead the city to scrap the bid and start all over again, but the paper never really explored how Barry's relationship with Fitzgerald may have influenced the city's initial decision—despite the fact that Barry had previously gotten into trouble by accepting a below-market mortgage from Independence Federal. (The latter story received wider play than the tunnels story when it ran in the *Post* in 1979, no doubt in part because the *Star* was all over it.)

—When Barry's former wife, Mary Treadwell was convicted last summer of conspiring to defraud the federal government and the tenants of a low-income housing project that she ran—a conviction that resulted, in part, from an investigative series that ran in the *Post* in 1979—no mention was made in the *Post*'s front-page story that Treadwell and Barry not only had once been married, but had together founded the housing project's umbrella group, Youth Pride, Inc. To unearth this important piece of information, you had to dig into a sidebar buried on page 16. And the sidebar did not tell you that during the period the crimes were committed a Mercedes was parked in the Barry's driveway, or suggest that Barry might have had some idea of where the money to buy it came from.

—Last March the *Post* assigned a reporter to investigate charges that the mayor had either used cocaine or witnessed other people using cocaine when he stopped by a strip joint in the city's red-light district. The charges about the cocaine turned out to be unfounded, and the *Post* ran an editorial denouncing the "smear quality" of the allegations. But, as the *Post*'s own columnist, Richard Cohen, pointed out, the real story had little to do with whether the mayor used cocaine when he paid his visit to the red-light district; it was what he was doing there at all. "Who could blame [a cop observing this scene] for thinking that this sleaze-ball of a club enjoys if not the protection, then certainly the patronage, of the city's highest elected official?" Cohen wrote. "And who could blame the cop for confusing the two?" Barry's explanation in the story for why he went to the party—he wasn't there for pleasure, mind you, but to pick up a campaign contribution—made Cohen's speculation about a possible payoff especially relevant. But having satisfied itself that the mayor didn't snort cocaine, the *Post* failed to investigate the far more important payoff question in a follow-up story.

—A reporter for a local television station found that the bulletproof vests the city had bought after a widely publicized fund-raising drive were purchased without bids. The reporter, Paul Berry of WJLA, found a number of potential bidders who said they could produce cheaper vests that would stop 9mm bullets, which the vests purchased by the city could not; although this suggested incompetence or deliberate corruption in the selection of vest manufacturers, the only story the *Post* ran on the matter covered a press conference in which the police chief said he stood by his decision.

—One of Barry's supporters offered him

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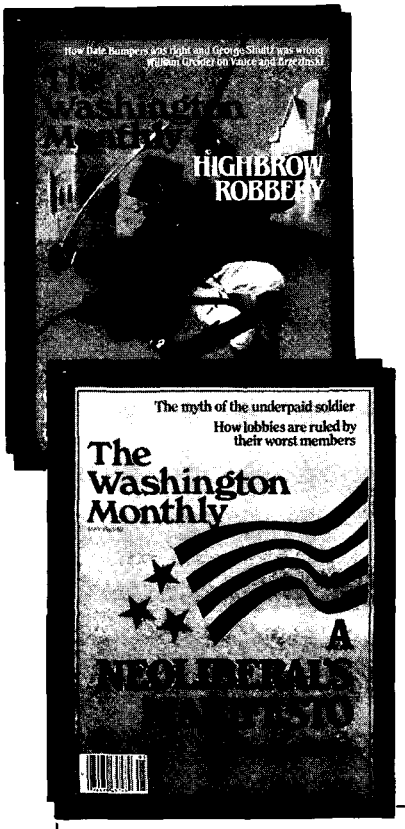

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several thousand dollars. Barry responded by asking for the money in cash. The *Post* found out about the episode in 1982 but never published what it knew.

None of these stories is in itself conclusive evidence that Barry and his administration are corrupt. Yet, it takes only the most modest knowledge of political reality to know that each ordinarily represents the tip of an iceberg and that together they call for a major investigation effort by the paper. One can't help suspecting that one reason the effort has not been a continuing one is that the *Star* is no longer there to compete, and so there is no longer a chance that the *Post* will be embarrassed by being beaten on the story.

In addition to going after the corruption issue, the *Post* should dig much harder into the story of how effectively the Barry administration is delivering services to the public. One story that cuts to the heart of the workings of government in any community deals with the extent to which any given government bureaucracy has become overstuffed with personnel who place their own survival over the interest of the citizens they serve. In Pennsylvania, the number of combined state and local government employees per 10,000 people is 386. In Massachusetts, where it seems nearly everyone's brother-in-law is on the public payroll, the number is 444. In the city of Washington, where the problem of overlapping functions between state and local government is avoided by having everyone work for the District of Columbia, the number is even higher: 730. This is something you don't read enough about in the *Post*. Nor does the *Post* work hard enough to provide information on which agencies in the city government work well and which work poorly—the District's Department of Human Services is widely suspected to be one of the great bureaucratic disasters of all time.

There are also a number of stories about life in Washington that the *Post* allows its readers to glimpse only peripherally. For example, when the *Post* recently reported that a government study found that homeowners in D.C., Maryland, and Virginia paid more in property taxes than homeowners in the rest of the country, while owners of commercial and industrial properties got away with paying less than the national average, it buried the news on its Saturday real estate page and didn't follow up on the story. Yet the question of how the property tax burden is shared among homeowners and businesses is fundamental to anyone who pays property tax—or cares about fairness in government. Another story about the growing Hispanic community in Washington gave evidence that there may be as many as 60,000 Hispanics living in the District illegally. What do they do to keep alive? Certainly one thing they do is clean the homes of people who work for the *Post*. But the apparently booming market in good help doesn't seem to be making many headlines these days.

Finally, there are what city magazines generally call "service pieces." Such where-to-get-it pieces can be frivolous at their worst, catering to tastes in ice cream and roller skates and other knicknacks of the good life; but at their best, they can tell us what we really need to know—where are the best schools, the best emergency rooms, the best counseling centers. When these stories appear in the *Post*, it tends to be on someone else's initiative. For example, the Metro section recently had a story on the outrageous prices still charged by funeral homes—but only because a group called the Washington Consumers' Checkbook had already done the legwork. And when a *Post* story last spring revealed that there was only one free clinic in all of Washington, the facts appeared not in a full-blown investigation but as an aside in a routine District Weekly story covering the clinic's tenth-anniversary party. Even when the *Post* does do a story about such essential services on its own initiative, the effort can be lackluster. For example, a column by Molly Sinclair headlined "Evaluating Emergency Clinics" appeared last month in Metro. But rather than provide the essential information about where the best and worst clinics were so that a *Post* reader might finish the story with a better idea about where to go if he broke a leg, the story lazily provided questions that the reader should ask in order to evaluate the clinic himself. (Presumably, if he didn't like the answers he got, he'd hobble out the door and go to the next clinic down the list.)

This isn't to say that the *Post* can't rise to the occasion once in awhile and provide the sort of local story that raises the local coverage to the level of those areas of the paper that compete with prestigious national newspapers like *The New York Times* and the *Wall Street Journal*. Two particularly memorable examples were stories by Blaine Harden—one, a detailed study of how failures of the political system in both the congressional and executive branches led to the demise of Washington's crumbling Union Station at a cost of $117 million, and the other, a devastating look at how psychiatrists in the city

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4. The Asleep-At-The-Wheel Test

Dave Anderson of *The New York Times* scooped the *Post* on November 30 with an interview in which Joe Theismann, the Redskin quarterback, said he'd like to leave Washington and play for a New York team. "I love New York," Theismann said. "There are no fans like Giant and Jet fans."

Any Washington sports fan would immediately recognize this as a major story, and local Washington TV stations and *The Washington Times* did indeed pounce on it. But the *Post* was oddly diffident: the only coverage it gave the interview was a parenthetical reference to the *Times*'s headline, "Joe Theismann Loves New York," which was buried in the *Post*'s sports gossip column—under the heading "Boxing."

Dave Kindred, the sportswriter who wrote eloquently about the virtues of newspaper competition when the *Star* folded in 1981, hadn't heard the story at all when called for a comment several days later. Could this have happened in a newsroom that constantly fretted about what its local competition was up to?

were, in the words of Dr. E. Fuller Torrey of St. Elizabeths Hospital, "frittering away their medical skills talking to the worried well." These stories were models of what the *Post* needs to do more of. Harden's departure from the *Post* for *The Washingtonian* is thus a particularly keen—and perhaps symbolic—loss for the paper.

Prisoners of Wall Street

Does all this mean that when the *Post* editorializes about its willingness to be a public-spirited, vigorous monopoly, that it is actually scheming to be an immoral, lazy one? Of course not. It simply means that these goals tend naturally to be overcome by the anxieties of labor and management of being suckered out of their fair share of the profits. But even if the *Post*'s guild members and managers could be shaken from their narrow pursuit of "comparability" and gave up their bickering about how to divide the company's monopolistic profits, a third barrier would stand in the way of the *Post*'s fully achieving its philanthropic goals: its public ownership.

In the liberal lexicon, "public" is generally a good thing, implying as it does the balance of private desires against a public good. But when the "public" is defined as stockholders in a corporation, the end result is often a less truly public-spirited enterprise. Although an owner can allow himself to be motivated by pride in his work and dedication to his community—which includes many people who don't have a stake in the owner's earning high profits—a public corporation suffers pressures to sacrifice some of that pride and dedication for the sake of the bottom line.

It was for just this reason that Katharine Graham had anxieties about allowing the *Post* to go public in 1971. The *Post* had been a family business to Katharine Graham ever since her father had bought it back in the thirties; both her father and her husband devoted their lives to it. But Frederick Beebe, Graham's lawyer and financial guru, persuaded her that going public was the only way the *Post* could cover immediate cash-flow problems, and, further down the road, the only way to protect the *Post* from inheritance taxes that might otherwise wrest control of the paper from the family.

The pressures of public ownership began to make themselves felt within the paper even before the initial underwriting agreement for the stock had been finalized, when the *Post* was considering whether to publish the Pentagon Papers.

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Although the *Post* made the admirable decision to go ahead and face the wrath of the Nixon administration, it did so over the objections of Beebe. "You may feel responsible for freedom of the press, and I'm committed to that, too," Beebe told the *Post*'s national editor, Ben Bagdikian. "But I have a responsibility that you don't. I have to worry about stock in a $193 million corporation."

If anything, that responsibility weighs even more heavily on Katharine Graham, not only because she heads the Washington Post Company but also because she entered the world of Wall Street late in life, and has made a considerable effort to show her new peers how well she's learned that world. ("The first order of business at *The Washington Post* is to maximize the profits from our existing operations," she proudly announced to a gathering of security analysts the year after the *Post* went public.) The change in attitude is illustrated in the procession of Graham's confidants: whereas in the Pentagon Papers and Watergate years she seemed to favor Ben Bradlee, in the mid-seventies she began to rely on Warren Buffett, a *Post* director and savvy Wall Street financier who owns the largest block of *Post* stock outside the Graham family. Although Buffett seems to harbor a genuine enthusiasm for the enterprise of news gathering, his perspective is naturally inclined toward the bottom line; thus, when the matter of the second newspaper came up, he advised Graham against it. Buffett is fully aware of the virtues of a newspaper monopoly; he has spent a good portion of his career investing in them. "There's no business like it," Buffett is quoted as saying of monopoly newspapers in Howard Bray's book, *The Pillars of the Post*. "It compounds money."

The fact that the *Post* is now a publicly held corporation places its idealism at least partly at the mercy of its duty to the stockholders. But the *Post* may have more freedom to forgo some of its impressive profits than it thinks. For one thing, Katharine Graham retains a majority of the voting stock in the Washington Post Company, and thus the right to still think of the *Post* as largely a family enterprise. And for another, real stockholder revolts are rare, even in corporations less tightly controlled than the *Post*. As John Morton, a newspaper analyst, explains it, "The theory is that you've always got to operate in the best interest of the shareholders, but there's a very broad area over how you can exercise that interest."

The more intractable problem is that in entering the world of Wall Street, the *Post* has become subject to a kind of corporate peer pressure to conform to the ethic of profit maximization. On Wall Street, the values of the newspaper are neatly reversed: rather than question the rich and the powerful, one seeks to join them, and rather than dedicate oneself to quality, one hankers after profitability. When Katharine Graham reads about her paper in the business press, she doesn't see her aspirations to make the *Post* a top-notch, self-sacrificing institution congratulated; instead, she reads criticism of the Post Company's ability to be something more than just a good newspaper and make the kind of smart corporate acquisitions that win respect in the financial community. The problem is compounded by the admiration she feels for people like Buffett; when Ben Bradlee first met Buffett, he said, "I understand you're the Woodward and Bernstein of Wall Street," no doubt repeating his employer's own description.

But the *Post* didn't become a great newspaper by behaving this way, and there's reason to hope that both Katharine and Donald Graham are aware of that. Katharine Graham, after all, is the woman who twice stood up to the powerful—with the publication of the Pentagon Papers and her paper's pursuit of the Watergate story—at no little risk. And Donald Graham's own life has been exemplary in its dedication to public service: unlike most of his wealthy peers, Graham willingly served in Vietnam, and upon his return to Washington he schooled himself in the life of his city by walking the beat as a policeman. The reporters stand among the best in their profession, and their profession is one which many consciously chose over the more cynical routes open to society's ablest members.

But if all these able and idealistic people can so easily fall victim to the seductions of monopoly power and its financial rewards, fretting about how to maximize their share of the take, what does it say about the system? It says that we all need to feel responsible for the behavior of the institution of which we are a part. This obligation rests just as much on the employee as on the employer.

Indeed, it would be hard for people as conscientious as the Grahams to cross a picket line before the *Post*'s entrance where the signs said not "Give Us a Raise," but "Stop Spraying Dangerous Herbicides" or "Don't Accept Cigarette Ads." After all, the newspaper's rank and file would only be telling the bosses to take the *Post*'s highest goals seriously. ■

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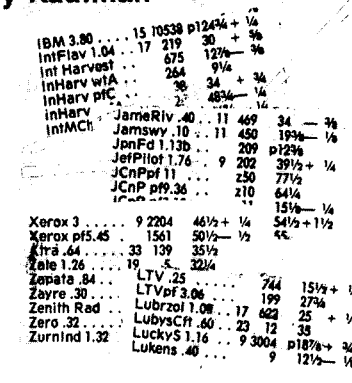
TIDBITS AND OUTRAGES

Oh, You Mean That Big Round Concrete Thing in the South Bronx? Yeah, Well, Uh, That's A...A...

In response to a personal injury law suit from a woman claiming she fell on a wet floor in its stadium, the New York Yankees have asked that the case be transferred to Queens. According to the *New York Law Journal*, the motion was prompted by a "concern over large verdicts being awarded in the Bronx." To justify the move, the Yankees are contending that they "don't do business in the Bronx."

The Monkey was Spotted Last Week at the Century Club, Sipping Banana Daiquiris with Henry Kaufman

In October 1982 Arch Campbell, a reporter for WRC-TV in Washington, asked a stockbroker from Paine Webber to recommend a portfolio of three stocks. She chose LTV, Xerox, and Western of North America. Campbell then had an organ grinder's monkey make three circles on the stock page with a marks-a-lot pen. The monkey chose IBM, Consumer Power, and James River. Each portfolio was initially worth $3,000. By March 1983 the stockbroker's fund was up $78, or 2 percent. The monkey fund was up $1,517, or 50 percent.



Robert Vesco and Bernie Cornfeld Have Both Expressed Interest in the Job

Henry Scott Harris was indicted recently for doctoring records and taking thousands of dollars in bribes to safeguard the reputation of the Eagle Oil and Gas Corporation and the U.S. Oil and Gas Corporation. According to a Miami grand jury, as many as 10,000 customers lost their investments in a scandal that involved over $56 million. Harris is the president of the Better Business Bureau of South Florida.

Coming Next: Insure Yourself Against Incompetent Golden Parachute Attorneys

NAS Insurance Services of Santa Monica now offers a special insurance policy to corporate executives with "golden parachute" provisions in their contracts. The policy covers up to $250,000 in legal fees if the executive is forced to sue to collect his benefits.

Consultants to the Left! Procurement Officers to the Right! Into the Valley of Cost Overruns Rode Irene Usowski

According to "Good News Notification," a new publication of the U.S. Navy, Secretary of the Navy John Lehman recently presented a $1,000 award to Irene Usowski for her "determination to pay only a reasonable price for a simple item."

A Widow in Every Port

As reported in the *Armed Forces Journal*, the U.S. Naval Reserves recently mailed 5,100 recruiting circulars to the citizens of Rossmoor, California. According to Milton M. Newmark, a local attorney, the average age in Rossmoor—a retirement community—is 78.

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A Washington Monthly EXCLUSIVE

The All Purpose Made-to-Order

Korean Airliner Tragedy

In the wake of the Korean airline tragedy in September, conservatives and liberals have attempted to explain the incident in light of their political views. Unfortunately, since so little evidence has emerged so far that reveals what really happened, these explanations have been largely speculative. The Washington Monthly, *however, has managed to obtain advance galleys of dramatic, narrative accounts of the demise of KAL 007 that will be appearing shortly in three leading magazines:* Paranoid Review, The New Apologist, *and* The Moscow Monthly. *In each case, the editors claim they have obtained, through undisclosed methods, the "black box" on board the jetliner that recorded all cockpit conversations. The three reconstructions below are based on the alleged contents of the black box and information furnished by authoritative intelligence sources.*

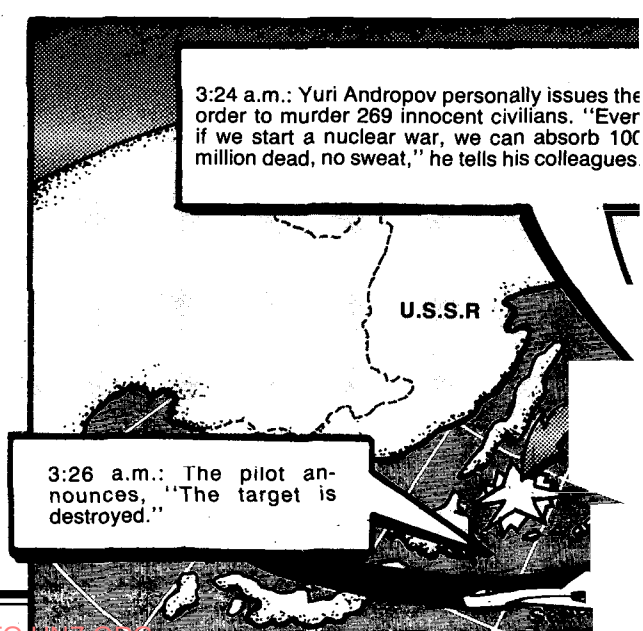
PARANOID REVIEW

It was just after 1 a.m. at the Soviet air-defense command on the Kamchatka peninsula in eastern Russia. The Russian commander slumped in front of his radar screen, exhausted from a hard night of drinking vodka and burning synagogues. The evening had gone well; they had even raided a prayer group and confiscated copies of the Bible and William F. Buckley's *God and Man at Yale*.

Suddenly, the local commander spotted an American RC-135 reconnaissance aircraft flying in international airspace off Kamchatka. He smiled menacingly to himself: "Maybe tonight's my chance to start an international incident that will enable us to launch an unprovoked first strike on America, home of *National Review*, one of the magazines that truly understands our sinister plans for world domination." Then he thought better of it.

After all, such intelligence-gathering missions were quite common, and he was under orders not to shoot down planes if they were outside Soviet airspace. When the rule was issued a few months earlier, the air-defense general giving the order sneered, "It's part of some. . . international treaty." He crumpled up a piece of paper and threw it on the ground. "I spit on their treaties," the general had said. "But, as you know, it's part of a long-standing Soviet policy to fake compliance with international law to lull America into a false sense of security. Then, whenever it serves our best interest, we brazenly violate their stupid little treaties."

Now, months later, the Kamchatka commander knew he had only to bide his time. Someday he'd get the chance to fulfill a lifelong dream: to join Soviet troops occupying a small midwestern town, where they could seize the children from their parents and ship them to a communist indocrination camp so they could learn to shred American flags and worship Stalin.



Art Levine is an associate editor of Mole, *a Washington humor magazine, and a contributing editor of* The Washington Monthly.

Map Illustrations by Susan Harlan

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Story by Art Levine

His reverie was interrupted when a new blip appeared on the screen. It was unmistakably a commercial 747 airliner, probably the regularly scheduled Korean Air Lines flight that flew five times a week from Anchorage to Seoul. But it was very far off course, and headed into Soviet airspace over his base at Petropavlovsk. This could be just the opportunity he'd been waiting for. But was it an important enough target to risk starting a nuclear war? He quickly wheeled around to the Applesky Computer (circuitry courtesy of a Silicon Valley spy ring) and punched in his information request: the passenger list of the Korean jetliner headed his way.

For years, Russian military officials have had access to passenger lists of all jetliners that traveled anywhere near the Soviet Union. The information is provided by a network of informants who pose as airline ticket agents. The air-defense commander quickly scanned the list. One name jumped out at him: Representative Larry McDonald, Democrat from Georgia.

McDonald's incendiary speeches had been clipped from the *Congressional Record* by a *Washington Post* reporter on the Soviet payroll, and subsequently sent to every military outpost in Russia. The commander knew that McDonald was *the* American politician who best understood the long-range goals of the Soviets. He must be silenced at all costs, the commander thought to himself.

In the meantime, he turned to his aide-de-camp and said, "Won't it be great when we shoot this plane down?"

"Colonel," the aide said, "I'm shocked. It could cause the death of innocent civilians and lead us closer to the brink of World War III."

"You fool! The West will never respond to this brazen provocation. Have you forgotten how we have cleverly sapped their resolve by fluoridating their water and spreading sex education in their schools? And as for you, your insubordination and cowardice during this crisis cannot be tolerated." With that, he picked up a revolver and shot his aide in the head, a common practice in the Soviet military.

Then the commander radioed his superior in Moscow. "We've got a civilian plane with Larry McDonald headed towards our bases in Sakhalin. How should we proceed?"

"Larry McDonald?" General Aleksander Koldunov responded excitedly. "My first response would be to order the plane shot down immediately. But let me check with Premier Andropov. He's right here.

"Premier, we've got a problem near the Sea of Okhotsk. Larry McDonald's on a civilian plane headed towards our bases there. Should we risk a nuclear war just to kill Larry McDonald?"

"Sure, general," Andropov said with the cool smile of a veteran killer. "Even if we start a nuclear war, we can absorb 100 million dead, no sweat. Why, we lost 50, 60 million in the last bad winter we had." Andropov chuckled softly. "You know, this might be the most fun I've had since I brutally suppressed the Hungarian freedom fighters."

Moments later, pilot 805, flying a Su-15 jet, called to the Korean pilot on his radio, "Hey, slant-eyes. We're going to turn you into chop suey unless you recite by memory the *Communist Manifesto* by Karl Marx. Ha! Ha! Ha!"

"Oh please don't shoot! Oh God! My only child won't be able to afford his iron lung if I die. Have you no mercy?" the pilot of the Korean jet pleaded.

But to no avail. At 3:25 a.m., pilot 805 radioed

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his progress to Soviet ground stations. At 3:26 a.m., he announced, "The target is destroyed. . . I am breaking off attack."

Back in Moscow's war control room, Andropov and the military leaders joyously leaped to their feet at the pilot's announcement. As the Soviet leaders toasted each other with vodka, Andropov raised his hands for a moment of silence. "Let's understand that a human tragedy has taken place here, even though this brings us closer to our goal of nuclear victory and world domination." He paused for a moment to smile broadly. "That tragedy, of course, is that there won't be any survivors for us to torture and send to the Gulag to die!" With that quip, he raised his vodka glass high over his head and the room broke into wild cheering.

THE NEW APOLOGIST

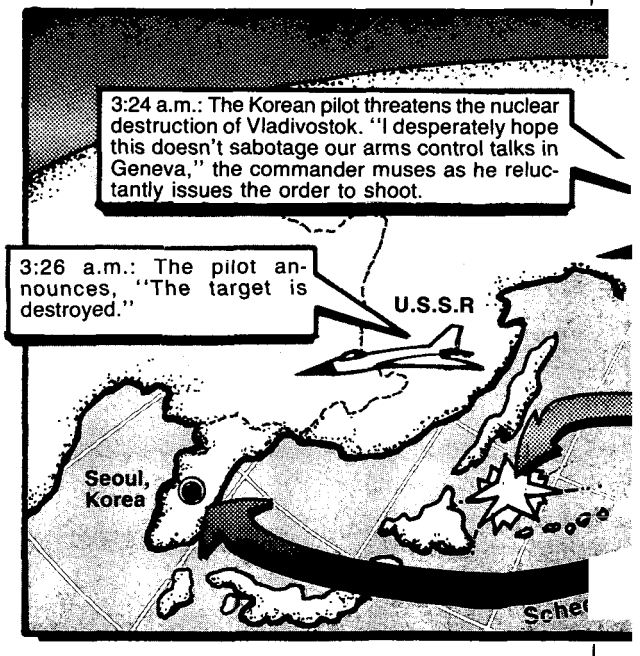
It was just after 1 a.m. at the Soviet air-defense command on the Kamchatka peninsula in eastern Russia. The Russian commander was drinking coffee to stay awake and reading *The Fate of the Earth* by Jonathan Schell, a newly translated Russian best-seller. His mood grew somber as he contemplated the great weight that rested heavily upon his shoulders. "Golly, the survival of the human species depends upon people in sensitive jobs like mine," he thought. "I hope we reach a nuclear arms agreement with the United States real soon, so that some small mishap doesn't trigger a nuclear holocaust, which in the end neither side can really win." He looked at the photographs of his children and his beloved Olga that sat atop the radar screen and sighed.

Suddenly, he spotted an American RC-135 reconnaissance aircraft flying in international airspace near the military outpost. Someday, he mused to himself, we'll all live in peace and such spy missions will become unnecessary. Until then, it was his job to help protect his country's borders from intrusion.

Then another blip appeared on the radar screen. It might have been the regularly scheduled Korean Air Lines Flight 007. But if so, the commercial 747 jetliner had strayed far off course—and was headed into Soviet airspace, towards his base at Petropavlovsk. He had to warn it, or else it might be forced by the Soviets to land, thus inconveniencing the 269 passengers aboard. "I'd hate to think that I had caused anybody to miss a dinner engagement in Seoul," he thought.

At the commander's order, a squad of MiG-23s and Su-15s from the base at Petropavlovsk sped off into the early morning sky. But when the pilots saw that the plane was headed back out into international airspace, they became upset. "Wait, don't leave," one of the Soviet pilots pleaded. "Don't you want to stay and talk? It's lonely here on this godforsaken peninsula, and we'd like to play cards and drink vodka with you."

But there was no response. As the foreign plane headed away, the Soviet pilots grumbled in disappointment and made their desultory return to their base.



Then, abruptly, the plane swung back over Soviet territory and headed for Sakhalin Island near the Sea of Okhotsk. The island was the site of three highly sensitive military encampments that were the pride of the Soviet military, though more for their engineering prowess and architectural beauty than for any strategic value they might have. As the Korean jetliner approached Sakhalin Island, a large television camera was gradually lowered from one wing.

Soviet pilot 805 radioed General Aleksandr Koldunov, commander of the Air Defense Forces. "We've got a Korean passenger plane spying on our bases on Sakhalin," he reported. "How do we stop it?"

"Stop it?" Koldunov fumed. "It's our *guest* here. Didn't it ever occur to you to try to see the situation from *their* point of view? Maybe they're lost. Maybe they're just trying to conserve fuel so they can lessen their dependence on scarce and ecologically damaging petroleum byproducts. Try

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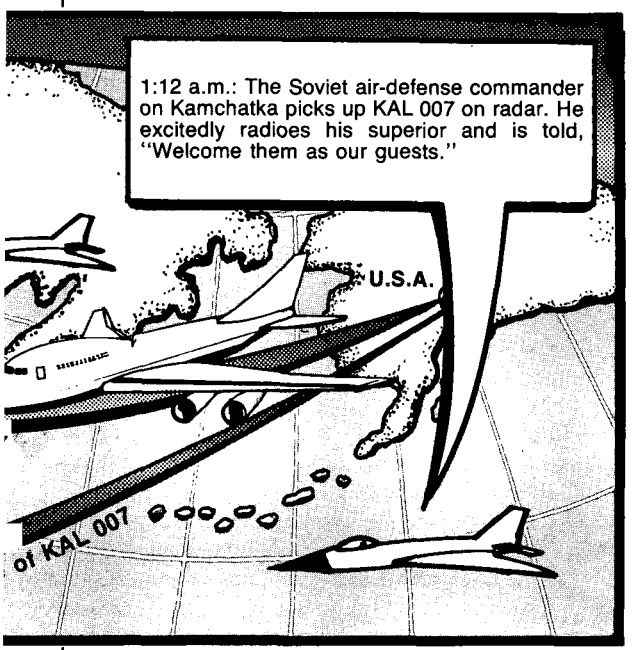
to give the plane a friendly greeting. Only if you receive a hostile response should you even think about shooting it down."

Koldunov was annoyed. This episode was wasting precious resources at a time when there were so many mouths to feed in Mother Russia. So many more jobs would be created for his countrymen if these funds were spent in the civilian economy instead of having to be used to



chase off foreign intruders or to oppose colonialism in the Third World. It was expensive enough having to pay for all those agricultural technicians in Afghanistan.

Meanwhile, back near Sakhalin Island's naval base, the pilots tried to make radio contact again with the Korean pilot. "Please, answer us," the MiG pilot called out. "We are all members of the human family. We, like you, seek only to pursue our legitimate national interests through lawful means."

Suddenly, the Soviets' radios crackled with the voice of an angry Korean. "Buzz off, commie dogs. I'm on a spy mission bought and paid for by the Pentagon, and they pay on completion. I'm not leaving this airspace until I get enough photographs to sabotage arms negotiations forever."

Pilot 805 sighed with remorse. He'd lost so many relatives during the siege of Stalingrad that the mere thought of violence made him physically ill. "I'm going to count to ten," he warned, "and if you don't come peacefully, I'll have no choice but to shoot."

"No way, Jose," the Korean pilot answered. "I don't make deals with Reds."

"Ten."

"Up yours buddy!"

"Nine."

"Your mama wears combat boots!"

"Eight."

"I dare you! I've got a cruise missile aimed right at downtown Vladivostok!"

At 3:25 a.m., pilot 805 radioed his progress to the Soviet ground stations. "He's a madman, commander. I'm going to have to shoot."

The commander shook his head sadly. He shuddered to think of how George Will would use this for propaganda purposes, but now he had no choice. "Go ahead, 805."

It was the kind of day all Soviet pilots dreaded.

Premier Andropov was even more upset when he heard the news. He exploded angrily. "How dare you jeopardize our negotiations in Geneva with this stupid action? Besides, don't you know that this will only play into the hands of the hardliners in the Kremlin who want to increase military spending, which is the most inflationary kind that there is?"

But the officers at the air-defense command explained the scenario to him—the spy plane, its crazed pilot, all the provocations. Andropov nodded in resignation. "I guess there was nothing else that could be done," he said sadly. "Let's just hope Reagan and the Western press don't seize on this incident to worsen American-Soviet relations."

THE MOSCOW MONTHLY

It was just after 1 a.m. at the Soviet air-defense command on the Kamchatka peninsula in eastern Russia. The Russian commander, Colonel Ivan Kaminsky, was leafing through a catalog from GUM department store in Moscow, ogling all the pointless luxury goods he'd be able to buy when he took early retirement next year and went to work as a consultant for a large military contractor. Now and then he'd glance at the brand-new radar screen obtained through uncompetitive bidding by the Soviet Defense Ministry. "For 50 billion rubles, you'd think they could get a machine that worked," the colonel groused to himself as he pounded the screen to bring the images into sharper relief. "I'd speak up about this waste of taxpayers' money, but I can't afford to lose my job and jeopardize my son's university education. Without this college albatross around my neck, I might be willing to take the kind of

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risks that made our country great. But now I guess I'll just have to play it safe."

Suddenly, he spotted an American RC-135 reconnaissance aircraft flying in international airspace near the military outpost. Or at least he thought it was an American spy plane; you couldn't be sure with this new radar equipment. (See "The Radar Screen We Want and Need," by Gregor Eastervich, *The Moscow Monthly*, August 1983). Terrorized by the prospect of taking the initiative, the commander watched the American plane's progress, then breathed a sigh of relief as it swung away toward Shemya Island in the Aleutians. Like all bureaucrats, he was driven by a desire to "cover his ass," protect his turf, and avoid rocking the boat. It was the same play-it-safe mentality that has led to Russia's current economic stagnation and the failure of the latest five-year plan, as Japan, West Germany, and other Western nations have out-competed us in the international marketplace. And it was this selfish mindset—so unlike the patriotic fervor that drew thousands of idealistic young people to work for Nikita Khrushchev in the 1960s—that would lay the groundwork for the tragedy that followed.

A new blip appeared on the radar screen. It looked suspiciously like another American spy plane, and it was headed into Soviet airspace. The colonel squinted but the screen just wasn't clear enough. It might have been the Korean Air Lines Flight 007, which flew five times a week between Anchorage and Seoul—but why was it headed towards his base at Petropavlovsk?

"Holy Lenin!" the commander thought, "this could screw up my career forever!" He remembered what had happened in 1978, when another Korean jetliner had strayed off course and was 1,000 miles inside Soviet territory before it was finally forced to land. The local commander's failure to stop the intruder before it had passed over sensitive military installations had resulted in his earning a "very good" instead of an "excellent" on his evaluation report. This had sent his career into a tailspin; after a stint as a submarine tender in Murmansk, he was transferred to Afghanistan where he vainly hoped he could "punch his ticket" and get back on the career track. Worst of all, his son was thrown out of college.

"Such a tragic waste," Kaminsky thought to himself. He'd have to stall on this one. He ordered some Su-15s and MiG-23s to trail the plane, but the last thing on his mind was the danger to Russia's security or to world peace. As a veteran brown-noser, he'd risen quickly through the ranks as a procurement officer and special assistant to General Aleksandr Koldunov, the commander of the Air Defense Forces. He'd never tasted a day of combat in his life, but his credentials looked great—on paper. And as a high-ranking officer from the upper classes, he wouldn't have to personally confront the danger his pilots—working-class boys from Kiev—had to face.

Kaminsky decided to try to reach his mentor, General Koldunov, at Moscow's air-defense command headquarters. The general would tell him what would look best on his resume.

"Can I speak to General Koldunov, this is Colonel Kaminsky in Kamchatka with an emergency," he pleaded into the phone.

"I'm sorry, colonel, the general is in an all-day budget meeting and left instructions not to be disturbed under any circumstances," the secretary answered.

"Can you leave him a note?" Kaminsky implored.

"I'll do my best," the secretary said, idly returning to her paperback novel and dialing one of Moscow's notoriously slow messenger services. After all, it wasn't *her* life that was at stake. In fact, she should have been back home with her two kids, giving them the attention they deserved, rather than turning them over to an impersonal "day-care" bureaucracy. But like many of Russia's modern young women, she had decided to take a menial job in order to "fulfill herself," although her energies would have been better spent with her children and in volunteer work.

Meanwhile, over at the Kremlin, General Koldunov was also pursuing his own selfish goals, in the form of another 50 billion rubles for more radar equipment for his installations. "It's just not fair," he told the Politburo. "The Navy gets all this fancy, high-tech equipment, and we have to make due with radar that's so bad our boys may not be able to tell the difference between an American spy plane and, say, a Korean passenger jet." "There's no military problem that can't be solved by throwing enough money at it," Premier Yuri Andropov grimly replied to Koldunov's request. "General, you will have the best radar money can buy."

As the other generals grumbled, a messenger entered quietly and handed General Koldunov a note. "COL. KAMINSKY WANTS YOU TO CALL. URGENT." Koldunov casually crumpled up the note and put it in his pocket, thinking instead about the big new office and extra limousines that the additional appropriations

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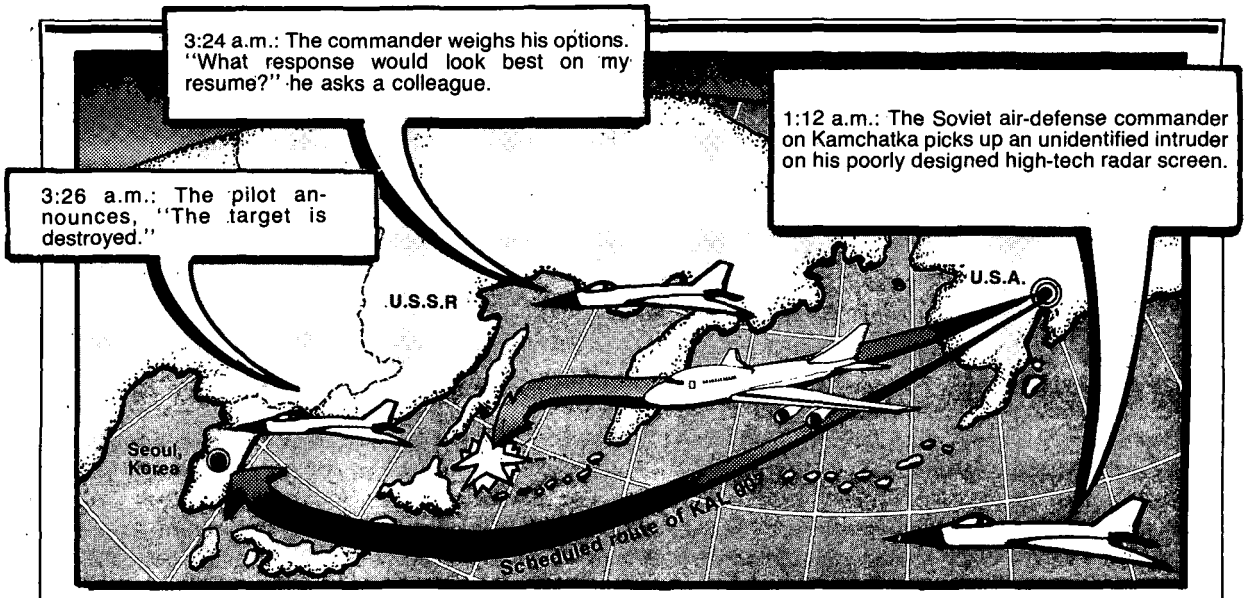

would mean. He could call Kaminsky tomorrow. Tonight, he would celebrate with his mistress.

Back at the Kamchatka airbase, Colonel Kaminsky was in a panic. He'd received no word from Koldunov yet, and the mystery plane was already zooming over the Sea of Japan towards the Soviet mainland.

He contacted pilot 805. "This is your commander. Have you made contact with the intruder yet?"

"No, sir. That channel on our radios doesn't seem to be working." It was all too typical, Kaminsky realized. All those billions for sophisticated high-tech equipment and not a measly kopeck for spare parts and maintenance.

Kaminsky knew he had only a few moments to act. He pondered the choices. If he ordered the pilot to shoot and the intruder turned out to be an innocent civilian passenger plane, it might mean nuclear war. If he let the plane go, and Koldunov discovered that he'd allowed a hostile foreign power to violate Soviet airspace, he'd never get any referrals in his new consulting job. His choice seemed obvious.

"Pilot 805," Kaminsky said, "shoot to kill."

At 3:26 a.m., pilot 805 announced, "The target is destroyed. . . I am breaking off attack."

"Good work," Kaminsky responded. He smiled, thinking of the promotion that awaited him.

(Editors note: But was it such "good work"? I have my doubts. The malfunctioning equipment, the bureaucratic snafus, the laziness and cowardice of some government employees—all raise troubling questions about the competence of our military and even our government. If counterrevolutionaries are communists who took a critical look at communism and defected, then neocommunists like myself are communists who took the same look and decided to retain our goals but to abandon some of our prejudices. We still believe in the class struggle and the dictatorship of the proletariat, but we no longer automatically oppose individual incentive and entrepreneurship. And we don't automatically favor state ownership and big bureaucracies. We have come to distrust all automatic responses, communist and capitalist alike.

This was the real lesson of the Korean jetliner tragedy. Because our system doesn't encourage risk-takers, too many air-defense officers responded automatically and took the safe way out.

It hasn't always been that way. Under Stalin, there was a continual turnover of government employees, and everyone knew they would be held accountable. But with the fading away of show trials, summary executions, and firing squads, government today can't subject its employees to meaningful performance evaluation. Burdened by today's cumbersome civil service regulations, it may take months, even years, before you can take a government employee and execute him. Government can't work with that kind of obstacle. About half of today's civil servants and military officers should be personally appointed by the Communist party leaders, while the other half should be provided civil service protection. With this much needed infusion—and spilling—of new blood, perhaps we can get our country moving again and build the true socialist society we all want.) ■

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WEIRTON STEEL:

Buying out the bosses

On March 2, 1982, a date the residents of Weirton, West Virginia, still enunciate with divorce-court exactness, the National Steel Company issued an ultimatum to the workers at its Weirton mill. Either they would have to buy the aging mill and operate it themselves, or else National would gradually shut it down.

Discerning eyes would have noticed the signs long before the announcement—the decline in new investment, the orders that increasingly were being funneled to other mills in National's corral, the engineers from company headquarters who arrived to examine old equipment with the meticulousness of an appraiser preparing for an estate sale. The world beyond Weirton offered other, equally ominous signs—the foreign steel producers who were crowding into the American market, the soft drink and beer producers who were increasingly substituting aluminum cans for the steel ones made from tinplate, Weirton's specialty. But the most obvious sign of all was the layoffs, only a few workers at first, but then a steady stream until only 7,500 people were working at the mill, which had employed 11,000 as recently as 1980. Still, when the ultimatum finally came, "It hit like a tornado," the wife of a steelworker told me. "One day you were thinking about whether to have the windows fixed. The next day you didn't know whether you would have a house."

Not to mention whether the 25,000 inhabitants of Weirton would still have a community. It's almost impossible to exaggerate how the 400-acre mill dominates the life of this Ohio River town situated on the sliver of West Virginia between Pennsylvania and Ohio. The mill's smokestacks tower over Main Street with the authority of church spires, and the presence of Weirton Steel is felt at almost every turn, from the gleaming, eight-foot-tall tin can that greets visitors on the highway, to the wall decorations in the gym at the Millsop community center—a large "Support Our Steel Industry" on one side, a giant steel industry logo, like the one on the Pittsburgh Steeler helmets, on the other. Just about everybody in Weirton either works for the mill or has relatives who do, and the paychecks the company distributes provide the support system for every doctor and banker and business person in town. "What would this house be worth without the mill?" asked Eli Dragasich, an optometrist and former county commissioner, as he swept his hand across his cluttered den when I visited there in the fall.

It wasn't that the mill was losing money, as people in Weirton are quick to tell you. Even in the previous year, a disastrous one for the steel industry, Weirton Steel had managed to eke out a 1 percent profit. The problem was that Weirton wasn't profitable *enough.* National was now determined to make a 20 percent return on its investments, and to achieve this, it had been cutting back its commitment to steel and had expanded into banking, insurance, and real estate. The brokerage houses on Wall Street had approved. So when National explained that the plant would require $1 billion in new investment

Jonathan Rowe is an editor of The Washington Monthly.

BY JONATHAN ROWE

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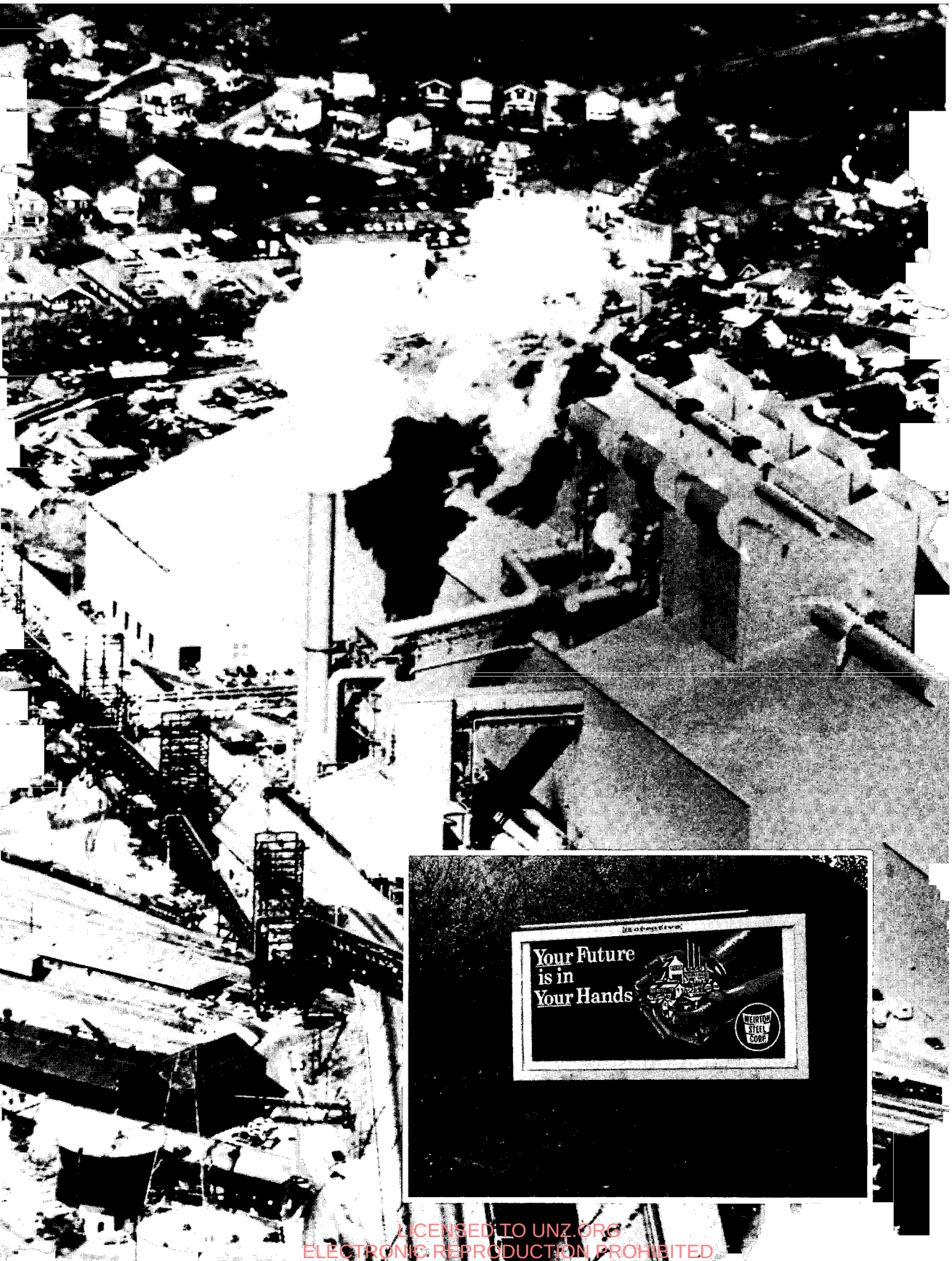

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in the next decade just to stay competitive and comply with the law, those who knew the company weren't at all surprised at the conclusion. Weirton Steel, at least to National, was too expensive to keep.

But if Weirton was too expensive to keep, it was also too expensive to close down. Generous layoff, severance, and pension provisions in the existing union contract meant that a shutdown would ultimately cost National almost $800 million. The company had only $350 million in its reserves to cover these liabilities. On top of that, National wouldn't get any of the juicy tax write-offs that normally accompany a plant closing: thanks to the generosity of the corporate tax laws, it wasn't paying any taxes to take write-offs against. In fact, the Treasury owed National $264,000 in unused credits. Besides, National had little desire to be blamed for devastating the economy of an entire region just 30 miles west of its corporate headquarters in Pittsburgh.

National's best option was to sell the plant. But if it's difficult to sell a three-bedroom house in a community that's suddenly half-way to becoming an industrial ghost town, it's almost impossible in the depths of a recession to unload an aging steel mill on another corporation. That left only one alternative: offering Weirton Steel to its own employees.

So for the next 18 months, the citizens of Weirton argued and debated, enduring waves of rumors, hot and cold news flashes, and a seemingly endless state of limbo. Finally, on September 23, 1983, a date Weirton residents also enunciate but with a markedly different tone, the members of the Independent Steel Workers Union, which represents the workers at the plant, voted by an eight to one margin to become its new owners.

The Offensive 'We'

There is, of course, nothing new about worker-owned companies; the Mom and Pop grocery store operates on precisely this principle. But if the Weirton deal is finally consummated—and all that stands in the way is a soon-to-be-resolved lawsuit over pension benefits—Weirton Steel will become the largest employee-owned company in the United States.

For that reason alone, what has happened in Weirton is worth closer examination. But there's more. For one thing, the reaction to this buy-out—and to the very idea of employee ownership—reveals a great deal about the ideological blinders with which many still approach these issues. Many conservatives, for example, would agree with Edgar Speer, the former president of U.S. Steel, who in 1978 called "nothing short of a communist takeover" the efforts of workers at Youngstown Sheet and Tube to buy the plant that the Lykes Corporation was abandoning. *National Review* recently dismissed employee ownership by snidely noting the difficulties of the employee-owned Rath packing plant in Waterloo, Iowa—as though free enterprise should be off limits to those who wear green khakis instead of three-piece suits.

From the left have come similarly reflexive dismissals. *The Nation* worried in a recent article that the Weirton buy-out might inspire a "continuing deterioration of wages, hours, and working conditions"—as though workers should ride an escalator that rises ever upwards towards "more," on which "sacrifice" is unknown and others take all the risks. Staughton Lynd, an historian and labor attorney who challenged the need for concessions by the workers at Weirton, raised some good questions about the buy-out process. But in harping on the concessions, he missed a fundamental point. "I was offended," he told me, "by the use of the word 'we' on all those billboards" that went up around town—"We Can Do It," "Let's Save Weirton," and the like. For Lynd, and many others, the idea that there can be a sense of community that rises above the "Us" vs. "Them" mindset of traditional industrial relations apparently is hard to accept.

But such ideological debates really are not central. The motivation in Weirton was not ideology but survival. In the 18 months between National's ultimatum and the vote this September, the people there had to grapple with some of the fundamental flaws of modern American capitalism: the consequences of corporate managers obsessed with short-term profits, tacit complicity of many organized workers, and the disastrous consequences of the separation of ownership and responsibility that is endemic in the American corporation. Their response—the buy-out—is hardly the only possible solution to these problems. It would be naive, moreover, to dismiss the possibility that this particular experiment may not itself succeed. But in trying to fashion a new way in which Weirton Steel may once again succeed, the citizens of Weirton have provided an instructive tale of where American enterprise has gone wrong, and what steps we can take to help set it right.

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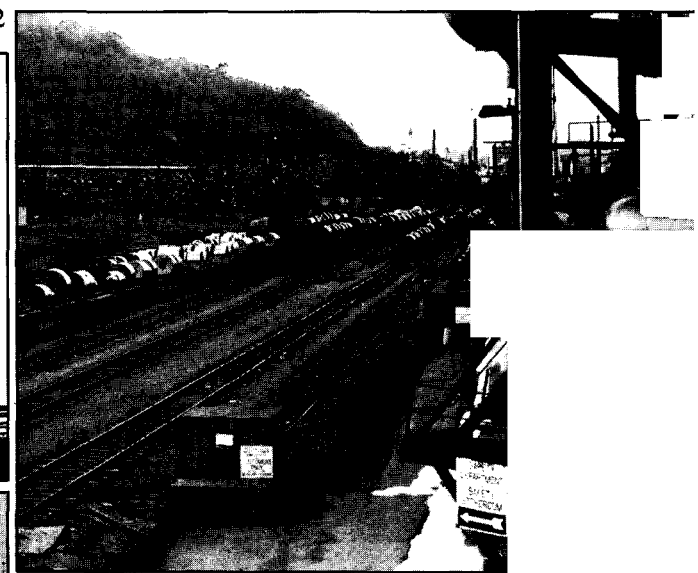
Class Warriors

The rescue effort began virtually the day National announced its ultimatum. Unlike most buy-outs, which have been initiated by the union, in Weirton it was the mill's local managers who took the lead, establishing a joint committee of labor and management representatives—20 and six respectively—to coordinate the effort. Their first step was to determine whether an employee-owned Weirton could survive. This was by no means to be assumed. In 1982, major U.S. steel companies lost more than $3 billion; fewer steelworkers were employed than at any time since the industry began keeping records. Low-wage steel producers, such as Brazil and South Korea, were continuing to expand their capacity in an already glutted market.

Enter the consultants. Down to Weirton trooped representatives of the nation's most prestigious firms—Booz Allen, Arthur D. Little, McKinsey and Company—to offer their services to the cause of employee ownership. In April 1982 the committee finally chose McKinsey, largely on the strength of its recent study of the European steel industry for Belgian Steel.

The committee had reasons for selecting such an established, and expensive, firm. Miles Dean, who represented West Virginia Governor Jay Rockefeller in the negotiations, said, "It was the blue-chip aspect. We felt that to be successful, we would have to market the output." The new company would have to borrow heavily, and banks are apt to be cautious regarding an employee-owned company, especially one the size of Weirton. If the buy-out went through, Weirton Steel would be a $1 billion-a-year company and a member of the *Fortune* 500. Hence the committee wanted a report that would be unimpeachable on Wall Street. The union representatives on the joint committee concurred with this assessment. "We saw what had happened in Youngstown, and we didn't want to let that happen here," a union official recalled.



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In May, with preliminary findings in hand, the joint committee started to line up the legal and financial talent they would need to negotiate with the heavies from National. In keeping with their blue-chip strategy, they chose the New York City firm of Wilkie, Farr, and Gallagher, a prominent name in mergers and acquisitions. On Wilkie Farr's advice, they retained as well an investment banker to help line up the financing the new company would need. After interviewing yet more blue chips—Merrill Lynch, Goldman Sachs, Oppenheimer, and Lazard Freres—the Weirton committee settled on Lazard, which is probably best known for its work on the New York City bailout. "They like the hard ones, and they are close to labor," Dave Robertson, the union attorney, explained.

The team the committee assembled was hardly your typical cast of characters for the class war, and the abundance of talent—and billable hours—raises eyebrows to this day. But more than a desire to please Wall Street was behind the strategy. In a subtle yet important way, the joint committee was putting more distance between itself and National Steel. The choice of Wilkie Farr, for example, meant the dismissal of Alan Lowenstein, an attorney who had helped negotiate another famous employee buy-out—General Motors' Hyatt-Clark bearing plant in Clark, New Jersey. But Lowenstein had been hand-picked by National and presented to the joint committee, and they weren't about to accept. ("He was doomed the day National recommended him," explained William Doepken, a division manager and member of the joint committee.) Whether National had intended to or not, it now found itself negotiating for real, in the big leagues.

The lawyers and financiers made an odd match with the steelworkers for whom they were now working. One was Skip Spadafora, who'd started working on the casting line in 1969 after a stint in Vietnam. Spadafora had run for union office in the midst of the buy-out negotiations "to see what was going on in there," he explained, and ended up a negotiator himself. Spadafora, who had some business experience, studied the Internal Revenue Code in the evening to make sure Lazard Freres was giving the workers the true picture; "I thought I caught them once, but it turned out that the library here didn't have the most recent books," he recalled. "I wasn't awed by those people, but look, when you are paying someone $225 an hour, you have to respect them." Another of the 20 union negotiators was Walter Bish, who in June 1982 defeated the incumbent ISWU president, Richard "Red" Arango, who by most accounts was not the ideal choice for navigating the complex issues involved. The 36-year-old Bish had gone to work as a brakeman on the mill railroad right out of high school—"Like everyone else," he says—and with Robertson, the union attorney, and Carl Valdeserri, an executive vice president, Bish is cited by people in town as a key figure in holding this unlikely enterprise together.

It's a Wonderful Life

In July 1982 McKinsey and Company issued its final report. The good news was that Weirton Steel could survive, even given worst-case assumptions about the economy. The plant was basically sound, its reputation as the nation's highest quality producer of tinplate intact. The market for tinplate, though declining, was still the most stable of all steel products.

But some sweeping changes in the new company were necessary—changes that went to the root of where Weirton Steel, under National's reign, had gone wrong. For example, National had locked Weirton Steel into contracts for ore and coal from mines that National itself owned, and these were costing Weirton an extra $20 million a year. The joint committee would have to convince National to cancel those contracts. McKinsey also discovered something that workers in the plant could have told them—that the plant was top-heavy with management. The team identified at least 400 management positions that could get the axe, which was hardly comforting news to the local managers who'd been so gung-ho for the buy-out.

The workers received their own share of bad news. For the mill to remain competitive and to generate the capital it needed for new equipment and repairs, McKinsey concluded that compensation would have to be pared by 32 percent. About 12 percent of that cut could be transformed into stock owned by the workers, so that over the first three years of operation each worker would invest up to $18,000. If the company prospered, that stock could be worth as much as $90,000 by the end of the decade, but there would be no guarantees. The workers would of course have to take a direct cut in pay and benefits of 20 percent. It was tough medicine, and deliberately so. Ron Bancroft, who headed the study for McKinsey, observes that when companies fail after a worker buy-out, it's often because they "didn't fundamentally change their economic

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position." He goes on to explain that "if they don't ask for a large enough cut the first time around they have no credibility left when they have to go back a second time." The strategy here was to pack as much of the pain as possible up front, when people were most prepared to accept it.

Meanwhile, the buy-out effort was becoming a civic crusade that often seemed scripted by Frank Capra. There were parades down Main Street, signs and posters everywhere, green ribbons on car doors and in shop windows as symbols of hope. A Share Our New Beginning Committee was formed to help defray the costs of all the lawyers and consultants, whose bill would eventually come to more than $5 million. Governor Rockefeller had put up an early $125,000 for the McKinsey study; in Weirton, the fund raising began, by one account, with a $40 tupperware party, perhaps the first on record to be held for the benefit of Wilkie Farr and Lazard Freres. Checks for $500, $1,000, and even more came in from local merchants. The Starvaggi Company, the legacy of a rags-to-riches local millionaire named Michael Starvaggi, donated $20,000. Steve Mindzak, a local dry cleaner, offered to dry clean second garments for free to "show the mill workers that merchants were also willing to take a cut" to save Weirton Steel.

The contributions to the committee were duly recorded on a billboard in front of the Thomas Millsop community center (named, of course, for one of the mill's former presidents). The climax was a telethon on the local cable television station. Expected to raise $40,000, it drew roughly $150,000 in pledges. Eli Dragasich, who answered phones at the studio, recalls three calls from retirees in Florida, one of them from a widow who pledged her entire pension check. "That was the high point for me," Dragasich says.

Retirees proved to be the single most generous group, a fact that didn't surprise Carl Swift, who headed up that part of the effort. "They've been through hard times before; they know what it takes," he says. The "hard times" Swift referred to were during the Depression, when Swift started in the machine shop at the mill, and quickly worked his way up as an engineer and troubleshooter. Today, those fortunate enough to be working are getting overtime as well, but back then people shared what work there was, as long as each man could get in at least two days. Carl Swift recalls spending hours on the telephone, trying to line up work for the men the mill had to turn away. "The times were hard," Swift said. "But it helped eliminate greed, and it got the people to share." Since then, Swift has seen a lot of changes, in the mill and in the community at large, and not all of them for the better. A gentle man, with clear eyes and short white hair, he is inclined to see a redeeming side to National's ultimatum. "It was almost a godsend," he says. "We had been drifting apart."

Perhaps one sign of those changes was something people like Bish and Robertson prefer not to talk about. The group that contributed least to the fund-raising drive were the workers themselves; less than 10 percent of them gave money. The explanations are varied: that the workers already were taking a big wage cut, that the union had given half a million dollars from its (unused) strike fund, and that a purpose of the fund raising was to get the rest of the community involved. "I don't see the doctors and the grocery stores bringing down their prices," one worker told me. Still, the seeming indifference of the workers to the fund-raising drive generated bad feelings that linger still. As one fund-raiser told me, "It became rather hard to ask a policeman making $18,000 a year for money to save the job of someone making $35,000 a year."

Workers weren't chomping at the bit to get involved in other ways, either. Granted, the negotiations were a top-down affair, as things in Weirton usually are, and in this case, somewhat by necessity. Still, when the union did hold plant meetings to discuss the issues, workers insisted it be on the company's time, not their own. Jim Zarello, a leader in the UAW local that bought the Clark-Hyatt plant was invited to address the Weirton union early in the negotiations. "I got a very strong impression that there was minimal involvement in the buy-out process," he recalls. Instead, something very different was happening in Weirton. "Everywhere I went," he says, "to a bar, a restaraunt, they'd have these 'Let's Save Weirton' signs. This was a *town* movement, more than a union movement."

All in the Family

A town movement. In a way, that's why Weirton's founder, E.T. Weir, brought his company here in the first place. One of those remarkable steelmen that the Pittsburgh area produced around the turn of the century, Weir had quit school at 15 to go to work at a wire company, and by the time he was 28 he had become a partner in a sheet and tinplate company in Clarksburg, West Virginia. Weir was beset by the

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fear that U.S. Steel, an "integrated" producer that owned its own mines, would contrive to choke off his raw materials. To counter this, he would have to expand. At the same time, he feared organized labor, with its violence and strikes, and was convinced big cities bred these because they separated workers from management. He sought, therefore, a setting for his new plant where, as an associate recalled, "workers and managers lived near each other, they belonged to the same churches and fraternal organizations, and in many cases were family members, relatives, and friends." He envisioned, in short, a benevolent company town, and the only way to have one was to start his own. In 1909 he began construction in what had been apple orchards and wheat fields on the Ohio River, and by the end of the year Weirton was born.

It was the profits from the Weirton mill that enabled Weir to build the fully integrated company of his dreams. In 1929, he combined the Hanna Mining Company, Great Lakes Steel, and Weirton into the National Steel Company, which before long was the fifth-largest producer in the United States.

The Depression didn't hit Weirton as hard as it did many places, but times were hard nevertheless. During the war, there was more austerity still. But after that, prosperity returned, and the company was true to Weir's belief that for industry to thrive, workers had to have money in their pockets. For this reason, and to keep labor peace, the company developed a tradition of giving members of the Independent Steel Workers Union, the company's in-house union, the same deal as the United Steelworkers won in their national bargaining, with a few extras thrown in. By the end of the 1970s, Weirton employees were the highest-paid steel workers in the world, with average wages exceeding $30,000 a year and some employees making up to $70,000.

"Things were going good, and boy did we enjoy it," Carl Swift recalls. Comfortable ranch homes began to sprout up in places like Weirton Heights, and driveways became crowded with four-wheel drives, Thunderbirds, and Camaros. One resident recalled a young man with two cars and a boat who went around to his neighbors looking for garage space for the third car he was planning to buy.

Weirton was enjoying the insular prosperity of a benevolent company town "shut off from the way much of the rest of America lives," a local clergyman said.

But E.T. Weir's legacy of community, paternalism, and prosperity was shaken by the trouble that rocked the steel industry in the late 1970s. At that time, moreover, National Steel put in place a number of policies that altered radically the chemistry of the community and the mill itself.

The first change concerned promotions. Weirton Steel had traditionally promoted from within its ranks. "Weirton offers you more than a job," the cover of a 1964 employment brochure proclaimed. "There's a FUTURE for you in STEEL." There was a sense of opportunity in the mill; experience and skill were valued.

About five years ago, however, National began to change this long-standing policy; it started bringing managers in from the outside. Adding more salt still, the company began to hire recent college graduates and set them to managing mill veterans, at the same time it was laying off thousands of local boys. The bitterness reverberates through Weirton to this day. "We were looked down on as idiots," a mill worker told me. "There's a lot of smart people in this town," the daughter of a mill worker told me, but clearly addressing the hated executives in Pittsburgh who seemed to think otherwise.

On top of these indignities was a sense of grievance regarding the way National was treating the mill itself. There was no new investment, and maintenance, some felt, was slipping. "When we needed parts for a machine," Richard Palo, a 20-year veteran in the machine shop told me, "they'd tell you no. So we made the parts ourselves." Until the last couple of years, when the whole industry took a dive, Weirton had been making profits. But where were these profits going? E.T. Weir had been committed to making steel; he shunned passive investments, even after he became wealthy, and scorned financiers as merely "shrewd and successful gamblers," one of his assistants recalls. "What did they *build*?" he would ask. Yet the man who now occupied Weir's position as president of National Steel, Howard Love, was taking profits that Weirton workers had sweated to produce and was paying $241 million for a California Savings and Loan. Love was also enjoying a $1.15 million golden parachute at the same time younger workers were told they could no longer receive supplemental unemployment benefits because the fund had run out of money.

Both the workers and townspeople of Weirton were beginning to feel like unwanted stepchildren in the National Steel conglomerate. National had taken away the plant's sales force, and the mill was partially shut out of the automobile market,

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which E.T. Weir himself had pioneered, because other divisions of the company were selling to Detroit. The good orders, workers said, were shifted to these other mills; and there is even talk of tinplate from these other mills being identified as made in Weirton. On top of all that, National had hedged its bets in the declining tinplate market by going into the aluminum business. Although it was not itself making the cans, the move did not convey to people in Weirton that the company's future—let alone its heart—was with them.

So when National finally announced its intention to leave in 1982, many in Weirton were not shedding tears. The day after the ultimatum, one worker spoke for many when he told a reporter that "If it severs all ties with National Steel, it'll be the best thing that ever happened." The feeling in the community, according to Dragasich, was "Goddam it. We built this company. Let's show those bastards we can do it." But these feelings towards National Steel had a double edge. Many in the work force, younger workers in particular, were cynical regarding the buy-out. After all, National wasn't doing this for charity, was it? Morale in the mill had reached rock bottom—"I've never seen it so bad," Carl Swift said—and there was a feeling among older workers that many of their younger colleagues were not doing their share. "I've had deadheads like you wouldn't believe," one older worker told me. Then, too, there was the unpleasant reminder in the McKinsey report that while National's management had been grabbing, the workers were not completely innocent in this regard.

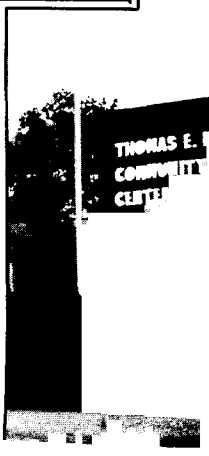
There was, for example, something called the "pyramiding" of overtime. If you worked two shifts in a 24-hour period, you got overtime. If, at the end of that week, your hours totalled more than 40, you got overtime again. In effect, you got it twice on the same hours. The rule added about 23 cents an hour to overall compensation costs of more than $27 an hour, a figure that also took into account health benefits and, for most workers, five annual weeks of vacation. In addition, there seems to have been something of an atmosphere at Weirton similar to what Jim Zarello describes at Clark-Hyatt before the workers there bought the company from G.M. "It was no secret," the union leader said, "that the union helped create an atmosphere where people who were in the plant eight hours a day did four hours of work."

Coming to terms with such excesses was not easy. On top of that, there is a natural inclination in a company town to let the authorities take care of things, to grumble privately but not step forward or too far out of line. One finds among Weirton's workers a good deal of enthusiasm for the buy-out. But one finds a good deal of suspicion, and shrugging acceptance of it, as well.

Nothing for National

The McKinsey report merely said that the buy-out was possible; but there were literally hundreds of issues to be resolved before it could actually happen. There ensued months of exhausting negotiations, four or five meetings a week, often lasting all day. Wilkie Farr and Lazard were negotiating the buy-out from National on behalf of the joint committee, while the labor and management members of that committee were negotiating between themselves regarding what their new company would look like.

On March 16, 1983, the parties finally reached an "Agreement in Principle." Though both sides made compromises, the joint committee's "$225-an-hour lawyers" (as they are commonly called around town) had succeeded, in the words of National's own Howard Love, in "driving a hard bargain." The workers would pay National just $74.7 million in cash, financed from a $120 million line of revolving credit that Lazard Freres



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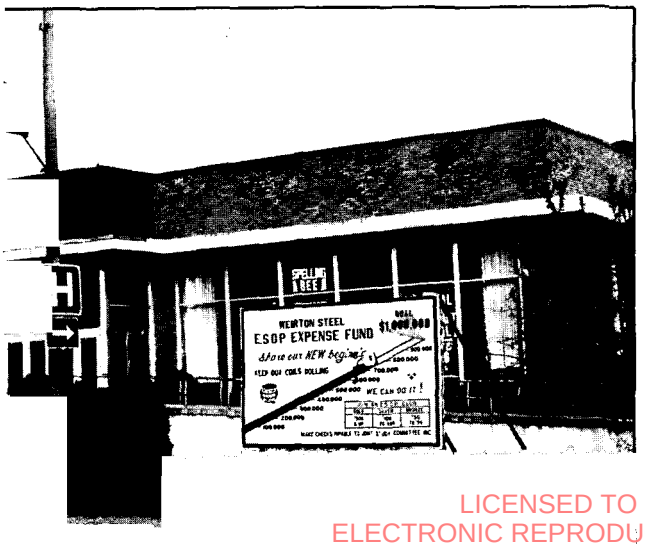
had managed to secure from a consortium of banks headed by Citibank for just 1.5 percent over prime. The workers would also pay National another $120 million, but the mortgage would be held by National on terms even more favorable to the new owners. No payment on the principle was due for six years, and no interest payments would be due until Weirton reached a net worth of $100 million. Wilkie Farr and Lazard also bargained National into assuming certain pension obligations that in effect reduced by a third the cut in compensation the workers would have to take.

Now the joint committee had to sell this package to the people in the mill. The two potentially toughest issues were the pay cuts and pensions. The pay cuts, which would have been explosive in most other settings, proved not to be so here, and the reasons are instructive. First, of course, was necessity. "What was the alternative?" is the question you hear time and again; and indeed, 80 percent of $27.60 an hour is not all that bad. "When people complained about the cuts," Richard Palo told me, "I just told them to go tell their problems to the guys standing in the unemployment lines in Detroit."

But there was another reason—whom they were taking the cuts *for*. "You don't squawk about the cuts as much if you feel you'll be working for yourself," said Patsy Fratto, a local barber who heard just about every side of the issue. The stock that workers would be getting for part of their pay cuts could be worth as much as $90,000 by the end of the decade. But economics wasn't the whole story. I asked Skip Spadafora why workers wouldn't have taken the kind of cut for National Steel that they were taking now. "Why should we give concessions to them, just so they can milk them?" he replied. With National out of the picture, there was much less feeling of being taken for a sucker. "We felt deep in our hearts," added Richard Palo, "that we didn't need National Steel, and if it takes a pay cut to rebuild this mill for ourselves and our community, we'll do it." Not for National Steel. For themselves.



The issue of pensions was far touchier. "Pensions are the priority here," said Carl Ferguson, a 49-year-old shop steward. "Pensions have always been the priority." It is hard to convey the extent of pension awareness in Weirton. The idiom of entitlement—Rule of 65 and 70-80s, "Work-To-Get"—is as familiar there as terms like "IRT" and "Eighth Avenue Line" are in New York. The issue was not the sanctity of the pensions. That was a given. The issue was the way existing pension arrangements might have divided the work force between younger workers who needed to keep the mill going, and older workers who, from a personal standpoint, didn't.

Behind this potential division are the two provisions mentioned above, the Rule of 65 and 70-80s. In essence, these enable certain groups of older workers to retire with full benefits *plus* an extra $400 per month, if the plant shuts down. So if National had simply closed the gates and sold the place for scrap, these workers could have retired early, perhaps to a sunny beach in Florida. But if the workers bought the plant, not only would these older workers have to keep working at lower pay. On top of that, there would be (after five years) no more umbilical cord to National's vast wealth, which had made the cushy retirement benefits so secure.

"I was worried," Spadafora said. "The issue was definitely there." There was much argument and discussion. One fellow told Richard Palo, "I got 35 years in the mill and I don't care" what happens to it. He had told the wrong man. "How would you feel if someone told that to you when you were just starting out?" Palo replied. Spadafora says he would just ask people what they would do with their house if the plant closed. The house again—an argument met with thoughtful silence. But what really diffused the pension issue was another of E.T. Weir's legacies to this company town, the way the mill serves as a link between generations. As shop steward Gaylord Miloy explained it to me, "I gotta look at this thing and say, 'Hey, what's best for me and my family?' I have nephews, brothers, brothers-in-law in that mill." There were many, many others in that same situation.

Not everyone was convinced. Some 200 older workers filed suit to demand their extra $400-a-

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month retirement benefit if the workers buy the mill. (This is the suit still pending at this writing.) But in late September, 6,064 hourly and 868 salaried employees finally voted on the buy-out plan. Though nearly half the union workers would have received a pension had the mill shut down, the vote wasn't even close. By an 8 to 1 margin, the former employees of Weirton Steel became its new owners.

Sweat Equity

So for the time being, at least, 7,000 workers still have their jobs and the citizens of Weirton still have their community. Obviously, it's too soon to know how worker ownership will affect this one mill, and workers caution against expecting great changes overnight. Still, there are signs. "I see a lot of men returning after the layoffs with significant changes in attitude," observes Ralph Bell, a 55-year-old mill worker. While Weirton apparently has never shared the enthusiasm of other unions for picky work rules—those that require, for example, that only an electrician can cut a piece of wire—there may be a different attitude towards the ones they have. Carl Swift relates a story of a craneman who was kept idle—at time and a half—while the shop steward insisted upon the old work rule that required a journeyman to perform some needed repairs. He thought better of it later; "that's *my* money," he realized. Though there's some grumbling about the $250,000-a-year (plus bonuses) salary of Weirton's new president, Robert Loughhead, the man himself has gotten some good reviews. Gone are the pronouncements from Pittsburgh. "Loughhead's theory is, 'talk to the guy who does the sweat,' " Richard Palo says.

Even so, there are unanswered questions, and perhaps the most serious is whether Weirton now has a structure that can make employee ownership work in the long haul. The new company will be structured as an Employee Stock Ownership Plan, or ESOP, a device originally designed by Louis Kelso, a California lawyer, to give workers an ownership stake in existing, healthy companies rather than to enable them to manage companies of their own. In some respects, in fact, the ESOP laws actually deter full employee self-government, and Weirton's version reflects these limitations. Worker/shareholder voting rights, though about as liberal as the law allows, are still limited. Furthermore, though the joint committee wanted to distribute the stock on a one employee, one share basis, this would jeopardize the special ESOP tax breaks which are crucial to Weirton's capital investment needs. The company will distribute the shares in proportion to employee paychecks instead. On top of that, to placate the consortium of banks underwriting the buy-out, only three of the new company's 12 directors are union representatives, and the workers will not get full control of the board until 1988.

Still, the lack of formal control of the board in these first years may not be the great liability

GREYHOUND:

On a chilly November evening, John G. Holmes, a Greyhound bus driver, walked a New Orleans picket line. Yes, he was worried about losing his job as a result of this strike by the Amalgamated Transit Union. But he was not about to accept the wage and benefit cuts that the Greyhound Corporation was demanding. "If the president of the company is willing to take a cut, then I'm willing," he told me. "This guy at Chrysler took a cut because Chrysler was in trouble. So why isn't [Greyhound chief executive John] Teets taking a cut?"

The strike by Greyhound's 12,000 workers, which may end soon if union leaders accept an agreement recommended by their leaders, has been bitter and often ugly. Workers were jailed and police hospitalized after several angry clashes on the picket line. Strike-breaking drivers pulled into the terminal with bullet holes in their buses. And a picketing employee in Ohio was killed after accidentally being run over by a driver-training bus.

How much money Greyhound was asking its workers to give up was somewhat difficult for the public to determine. The company took out full-page advertisements in about 200 newspapers, claiming that the average Greyhound driver made $35,000 and was being asked to take only a 9.5 percent cut. But the Greyhound ads were misleading; the company's proposed wage cuts actually ranged between 17 and 23 percent, and would have reduced the average driver's salary to about $24,000. Mechanics' wages would have dropped to $18,500, terminal workers' to $17,500, and office employees' to $14,000.

Of course, wage concessions often are necessary to help restore the health of a distressed company, and this may well have been the case at Greyhound's bus

Jason De Parle is a reporter for the Times-Picayune in New Orleans.

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that it seems. Corey Rosen of the National Center for Employee Ownership observes that "most corporate boards work by consensus. It's not that crucial to control the board." Probably a greater threat to control of the company is a provision that will enable the employees to vote, after five years, to sell the company's shares on the open market, to relieve the cash-scarce company of the need to buy back the shares of workers when they retire. If the workers do vote to "go public" they could end up losing control to outside investors—even to another National Steel—and be subject once again to the same relentless, profit-maximizing calculus that got them into so much trouble in the first place.

A New Calculus

A more immediate problem concerns the degree of worker participation in the day-to-day running of the mill. This is crucial. "There have to be procedures so it's really worker ownership,"

When Sacrifices Aren't Shared

line. The bus line had sustained a $16.3 million loss last year, at least by Greyound's accounting. With bus deregulation bringing price wars and discount airlines cutting into the bus market, Greyhound was trying to face this new competition with wage and benefit levels that it claimed were from 30 to 50 percent higher than the industry average.

But convincing workers to agree to sacrifices depends largely on how the burden is shared. The behavior of Greyhound's executives provides a graphic illustration of how *not* to ask workers for cuts, and how the fears of unions about being played for suckers by greedy managers are sometimes all too valid.

But to members of the Amalgamated Transit Union, the issue of fairness was just as important as money. The workers knew that while they were being asked to take substantial cuts, John Teets, Greyhound's chief executive, was getting a salary of $614,000, 40 percent higher than the previous year, and he had not offered to take any cuts himself. Teets had also secured a golden parachute that guaranteed him more than $1 million in the event of his dismissal. Other Greyhound executives had recently received raises on top of their six-digit salaries, as had the bus line's supervisors. None of them offered to take any cuts, either.

That the employees were unable to respond effectively to management's misleading ads only rubbed salt in their wounds. The employees also felt that Greyhound was using the prospect of hoards of potential strike-breakers standing in unemployment lines to bring them to heel. Perhaps most grating of all, the company refused to offer the workers a share in the company in exchange for their wage concessions—a stark contrast to Eastern Airlines' recent agreement to give workers two seats on its board of directors and up to 25 percent of the company's stock in exchange for an 18 percent cut in compensation.

Greyhound's management dismisses any suggestion that the necessary sacrifices should be shared. "My response to that is, 'So what?' " Don Behnke, a company spokesman, testily replied when I asked about management compensation. "The salaries of the corporate [management] have nothing to do with the bus line. The bus line didn't contribute a goddamn thing to those salaries because the bus line didn't make any money."

To an accountant, that justification might seem reasonable. Greyhound is now a diversified corporation, owning everything from financial service companies to Dial soap, and these combined operations were netting $103 million in 1982 while the bus line was incurring its loss. But to Greyhound's drivers and other workers, Teets is still *their* captain, and he was telling his crew that they would have to take reduced rations while he added to his own. Besides, the drivers are quick to point out, without years of bus line profits reaped from their labor, Greyhound never could have purchased the soap factories and food processing plants to begin with. "We raised Greyhound up from a puppy," said Francis Lawrence, a Meraux, Louisiana, mechanic with 26 years' service at the company. "Now she's trying to bite us."

Even if Greyhound's employees accept the company's last offer—which provides for a pay cut averaging 7.8 percent—the deep bitterness between management and labor will no doubt remain long after the strikers return to work. The shame is, it probably didn't have to happen. "I've been working here for 14 years and then this man Teets comes out of the sky and says, 'This is it. Take it or leave it.' " George Anderson, a bus driver, told me. It was 4:30 a.m., and Anderson was the sole picket at the Greyhound terminal in Mobile, Alabama. "When you strip a man of his dignity and pride, he fights back."

—Jason De Parle

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says Zarello, "and not just a piece of paper." Weirton's new labor contract makes provision for labor-management councils. But there was little interest in the subject during the buy-out process—"Hardly anybody raised it," one union leader said—and today workers will tell you that they will be "employees by day and owners by night," which is exactly what you hear at Wilkie, Farr, and Gallagher.

Such problems, however, should not make us forget the large step the union and the workers of Weirton have taken, not only in preserving their mill and their community, but in offering the rest of us a way to reconcile the competing demands that are tearing many of our productive enterprises apart. In today's corporation, there are employees, managers and workers alike, who are always pressing for higher wages and benefits. There are passive stockholders, whose sole interest in the company is to get the highest possible return on their investment. There is the need for new investments to keep the company competitive and to keep our nation's productive base intact. There is the community at large, which often is not served by the profit-maximizing firm, economic romantics like Milton Friedman notwithstanding. More often than not, the pressure to produce profits—fast—is so overwhelming that other demands are given short shrift. This is especially so in an older industry like steel, where existing arrangements have led us to the brink.

Perhaps the fundamental importance of employee ownership is the way it can alter the calculus by which a company makes these choices. At Weirton, for example, Executive Vice President Carl Valdiserri is questioning whether a company the size of Weirton, in a basic enterprise like steel, can ever again accommodate all the competing claims. "In such a capital intensive business, facing hostile world competition, I am not sure how the U.S. market can be satisfied by a company paying U.S. workers U.S. wages and benefits and also satisfying the stockholders," he said. Put another way, worker ownership is in the time-honored American tradition of eliminating the middleman; make workers and investors one person, and you eliminate a whole layer of claim on the company's profits. "The new Weirton won't need the frills of a far-flung corporation," adds former President Jack Redline, who retired when the ESOP took over. "Our only mission will be to make good steel and keep our customers satisfied. Our return on equity doesn't have to be as great."

To be sure, any enterpise must produce a surplus. If it does not, it will eventually devour either itself or something else. The question is how the surplus is used. In the investor-owned company, there is unrelenting pressure to channel surplus into profits for shareholders. When employees own the company, on the other hand, there is greater freedom of choice. The company can hire more people, build new facilities, invest in the health, safety, or career advancement of its employees, give the employees raises, or commit some resources to the community at large. You don't rob the employees to serve the shareholders or the community, because they are the same people.

You get suggestions from people in Weirton that they are thinking along these lines. "You have to think of jobs, the community, the human side," says union head Walter Bish, now a member of the board. Eli Dragasich, whose father worked in the mill, warms quickly to the subject. "They talk about the 'bottom line,'" he says. "Well, there are many bottom lines, not just the profit margin. That's where the inanimate corporation has gone wrong." Richard Palo may have put it best. "We aren't a corporation, we're a *mill,*" he exclaimed, capturing a distinction that the corporate lawyers and the MBAs seem unable to grasp.

Of course, some conventional corporations think somewhat along these lines as well, especially those still owned by the original founders. In this sense, the events in Weirton have been not something new, but a restoration—an updated version of E.T. Weir's desire to unite capital and community. Only now, the company town has become a town company, and labor has been added, albeit imperfectly, to the equation.

It's also a peculiarly American equation. "I don't look on this as socialism," says Skip Spadafora, who was the joint committee's liaison to the New York banks. "There's money to be made here. Our stocks will be worth something." Indeed, this is, or at least can be, free enterprise at its best, for if freedom means anything, it means the freedom to choose what your enterprise will be for. The pressures will not go away. How will they use the profits? To recall laid-off workers? For raises? To help make better and cheaper products? But at least the citizens of Weirton are many steps closer to answering those questions for themselves—not for the faceless investors on Wall Street on whose scale a 20 percent return ranks higher than the survival of a community in distant West Virginia. ■

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MEMO OF THE MONTH

1133 Fifteenth Street, N.W., Washington, D.C. 20005 • 202-429-9440

November 10, 1983

The Honorable Larry Smith
Sergeant-at-Arms
S. 321
Washington, D. C. 20510

The Honorable Jack Russ
Sergeant-at-Arms
H. 124
Washington, D. C. 20515

Dear Messrs. Smith and Russ:

On behalf of the American League of Lobbyists, I am writing to commend you on your efforts to strengthen the security of the United States Capitol and to express the League's desire to cooperate with you on this effort. The recent bombing at the Capitol made the necessity of a thorough security system clear to all who work in and around the Capitol.

Lobbyists, who consider the Capitol a part of their workplace, appreciate the difficult task you face in attempting to both provide adequate security for those who work in the Capitol and at the same time keep the building open safely to the public. We realize that inconvenience may often be a necessary part of any security system, but we feel that inconvenience may be minimized through our mutual cooperation.

It is for this reason that we would like to propose the creation of an appropriate identification system for lobbyists. Such an identification system could take the form of identification badges and perhaps a designated entrance to the Capitol. An expedited identification system would allow lobbyists to continue to have the usual access to the Congress despite tightened security.

Because we feel that access to the Congress is a fundamental necessity for our work, yet do not want to compromise your efforts for tighter security, we ask that you give serious consideration to an appropriate identification system for lobbyists. We look forward to cooperating with you on this matter and would like to set up a meeting at which we could discuss the details of this proposal. We hope to hear from you soon concerning this matter.

Sincerely,

John A. Vance

John A. Vance
President

cc: The Honorable Howard H. Baker, Jr.
The Honorable Thomas P. O'Neill, Jr.
The Honorable Robert C. Byrd
The Honorable Robert H. Michel
The Honorable George M. White

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Liberals and conservatives have long bickered over the question of whether welfare is good or bad for the economy. Liberals have rallied to the defense of New Deal and Great Society programs aimed at providing things as diverse as Social Security checks, food stamps, housing subsidies, and medical care for the poor and the elderly. Their argument has been that these expenditures are a stimulus to depressed sectors of the economy and invigorate those members of society who might otherwise despair of ever contributing productively to the system.

Conservatives, on the other hand, have called for a retreat from the generous welfare policies of the past. They argue that the huge growth in government social programs since the thirties has been a drag on our economy, swallowing up more and more money to redistribute income and encouraging the poor to look upon government benefits as a substitute for the kind of hard work that creates prosperity.

Neither side is at a loss for arguments to support its theory. Conservatives point to the miserable performance of the British economy in recent years and attribute this to the legacy of its Labor governments. Conservatives also argue that during the 19th century, a period of unprecedented economic advance, the world came closer to laissez-faire and free trade than at any other time. Finally, there is the example of the last decade, when the welfare state has become larger than it ever has been, while economic performance has turned sour.

But before you toss out your ADA membership card and take out a subscription to the *National Review*, consider the examples at the liberals' disposal. The poor performance of Britain's economy began in the late 19th century, when Britain still had laissez-faire, and has recently worsened rather than improved under the resolutely conservative and monetarist government of Margaret Thatcher. And while the prosperity of the welfare state dipped in the seventies, between 1945 and 1970, the period of the greatest increase in the peacetime role of the government and of the greatest level of income redistribution to the poor that the world has ever known, *all* the major developed democracies—including Britain—grew more rapidly than they had ever grown in history. So the great ideological battle between the liberals and the conservatives over whether welfare stimulates or depresses the economy has been more or less a draw.

Conservatives and liberals find themselves fighting to a similar draw when they debate whether welfare states can provide their poorer members with a higher standard of living than more conservative, laissez-faire states can. Liberals argue that the poor, left to fend for themselves, will flounder; conservatives argue that the rising tide will lift all boats. Again, there is no consistent correlation between the ideology of either the left or the right and reality. A traveler will see no great differences in the standard of living of the poor when he or she travels from Switzerland, where the role of government and the welfare state is fairly small, to Sweden, where it is relatively large. Nor can one observe a difference in the standard of living among the poor in traveling from Japan to Great Britain, even though Britain's welfare state is larger than Japan's.

If the size of government and the extent of its effort to maintain a welfare state bear little relation to the prosperity either of a nation or of its poor, what does mainly determine whether an economy thrives, or whether the situation of the poor improves? It is, in large part, whether a society avoids redistribution to favored groups in its middle and upper classes. Unfortunately, governments often collect money from the society as a whole and pay it out to groups that are far from poor. This not only fails to help the poor, but is destructive to the economy as well.

To Each According to His Clout

It is welfare for those who are not poor that largely explains why economic growth is slowing down. The culprit is not so much left-wing or right-wing ideology as the acquisitiveness of special interests at the expense of the collective interest of the nation. By lobbying the govern-

Mancur Olson teaches economics at the University of Maryland and is the author of The Rise and Decline of Nations.

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What we lose when the rich go on the dole

Tax deductible llamas hurt the economy more than welfare Cadillacs.

by Mancur Olson

ment or combining and colluding in the marketplace to influence prices and wages, these organizations—professional associations of physicians and lawyers, labor unions, trade associations, farm organizations, and oligopolistic collusions—bring greater harm to the economy at large than benefits to themselves.

Most organizations for lobbying or cartelization have no incentive to make the society in which they exist more efficient or prosperous; the members of the organization will get only a minute fraction of the society's gains from greater efficiency. Normally these organizations can best serve their members by seeking a larger slice of the economic pie rather than enlarging it. If, as is the case in countries like the United States and Great Britain, the organizations are small in relation to the whole society, they rationally will persist in distributional struggle even if the loss to society is much greater than the amount won by the special-interest group. For example, the lawyers gain larger fees by blocking no-fault insurance, but the rest of us lose much more than they gain when our society becomes more complex and litigious as a result. An organization that represents 1 percent of the income-earning capacity of the country will bear on average only 1 percent of any losses in social efficiency, but will obtain the whole amount redistributed to its membership. So its clients will gain from any redistribution unless the excess burden is a hundred times or more greater than the amount redistributed. A society dense with organizations for collective action is thus like a china shop filled with wrestlers battling over the china, and breaking far more than they carry away.

There are three reasons why ideological differences between laissez-faire governments and welfare-state governments ultimately have little bearing on whether an economy prospers. First, they overlook the force of cartelization, by which firms and individuals in the marketplace can maintain noncompetitive prices or wages, obstruct the free flow of resources, and slow down the innovation that brings more rapid economic growth. History shows that this process can occur in either a laissez-faire economy or a welfare-state economy.

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The second reason the traditional argument about the limits of government or democracy does not explain the variation in economic performance across countries is that it neglects the way the governments really work. Socialist and free-market theorists alike presume that governments distribute benefits rationally, for good or ill. But the rationality of government action is undermined to a great extent by the lobbying process. For example, Congress maintains price supports for the dairy industry, even though this has meant higher milk prices for consumers and so many farmers producing milk that the government has just started a program to pay farmers *not* to produce milk. Why does the government get tangled up this way? Because it is reacting in large part to the lobbying efforts of the dairy industry, rather than serving the interest of the nation at large.

The third reason why the traditonal slogans of left and right have failed to be of much help focuses specifically on the issue of welfare. Simply put, the traditional ideologies of left and right make the mistake of focusing on the extent to which government policies redistribute from the rich and middle class to the poor, instead of on the overall picture of redistribution, of which payments from the rich and middle class to the poor are only a small part.

When we focus on government policies that are designed to aid low-income people, we are looking at the tail of the elephant—at only a tiny part of what governments actually do. Most redistribution is not from upper- and middle-income people to low-income people; it's from middle-income people to other middle-income people, or from the whole society to particular groups of rich people, or from one group to another where the groups are distinguished not by one being poor and one being rich but only by the fact that some groups are organized and some are not.

This is not an accident. There is no society in which the poorest are well organized. If you look at contributions to candidates for the House of Representatives or the Senate, you do not find organizations of welfare mothers or other recipients of public assistance for the poor giving major campaign contributions. Nor do you find well-organized or well-financed lobbies working for the poor in other societies. It is big firms, upper-income people, the professionals, and blue-collar workers with jobs who are organized. And it is to these groups for the most part that the government redistributes income. In any society, there is always some compassion and sympathy and hence some aid to the poorest people. But that is only a small part of what the government does.

Because the middle and upper classes have a greater capacity than the poor to lobby on their own behalf, traditional ideology ends up playing less of a role in the health of an economy than the degree to which redistribution is restricted to its theoretical goal—taking from the well-off to help the poor. If much of the money that ostensibly is used to provide a comfortable cushion for those at the bottom is actually diverted to the middle and upper classes, the nation not only fails to achieve its humanitarian objectives, but injures its economy as well.

Even if redistribution to the poor equaled redistribution to the non-poor, whatever loss to the economy that came from the poor deciding to sit back and enjoy a free ride, as the conservatives put it, would be far less than the loss that came from the rich and middle class who would have gone on the dole. This is because the poor are, on average, less productive than the non-

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poor. They are more likely to be handicapped, or lack marketable skills, or to be aged or abandoned mothers. There are exceptions, but for the most part, people who are very productive and whose productive skills are prized in the society are not poor. It thus follows that subsidies to the poor, although they tend to have some adverse effect on incentives (as conservatives rightly claim), usually reduce production by less than do subsidies to the non-poor.

Indeed, the higher one goes up the income scale, the greater the damage done by the inefficient use of time and resources. Institutional arrangements or policies that misallocate the labor of healthy males in their prime working years—such as featherbedding and restrictive work rules—are very damaging to the efficiency of a society, yet are commonplace. The professional associations and public policies that largely control the practice of law and of medicine are even more costly to society, because it is the efforts of some of the most highly educated and energetic people in the society that are being misdirected. Yet few areas of modern society are so rife with cartels, anticompetitive rules, and other redistributions as are the law and medicine. Tax loopholes not only induce people to become tax accountants and lawyers, and thus divert some of the most able and aggressive out of more socially productive pursuits, but also twist much of the productive capacity of the whole society into tax-favored activities that contribute little to prosperity. Yet such loopholes are becoming more numerous. Tariffs, tax concessions, and bailouts to major corporations divert or enfeeble some of the most productive enterprises in the whole economy, yet such tariffs are becoming more common each year.

A nation that redistributes income to its poor buys a civilized and humane society, and it buys this with a miniscule share of the national income. The greatest loss it must endure is a modest reduction in the supply of cleaning women. A country that subsidizes workers in their prime working years sacrifices not a dust-free living room but the very muscle of the economy. The society that permits its professions to cartelize and control public policy loses amounts for each professional that make welfare payments seem trivial. And a people that gives tariffs or tax loopholes or bailouts to major corporations, whose great scale could normally have been attained only through exceptional productivity, is accumulating deposits of fat in the arteries that lead to its heart. ■

THE WASHINGTON MONTHLY

Journalism Award

for October 1983 is presented to

John A. Byrne
Forbes

The story of American business's over-reliance on consultants is a familiar one, but Byrne details it here with fresh insights and a fine sense of outrage. His description of how the advice of the prominent consulting firm of Booz, Allen helped run both A&P and International Harvester into the ground is particularly useful.

William Serrin
The New York Times

Much attention has been paid to the effect of foreign imports on domestic steel and auto workers, but little notice is given to how the growth of imports in the garment industry—in 1982, they accounted for half the women's and children's clothing sold in the U.S.—has affected America's garment workers. Serrin found that the pressures of foreign competition have brought sweatshops—hot, dingy, and poorly lit factories where immigrants work at subminimum wages—back to the New York area.

The Monthly Journalism Award is presented each month to the best newspaper or magazine article (or series of articles) on our political system. Nominations from any newspaper or magazine in the country are welcome. The subject can be government in its federal, state, or municipal manifestation.

The award for articles published in December will be announced in the March issue. Nominations will close January 15. Nominations should be accompanied by two copies of the article or articles.

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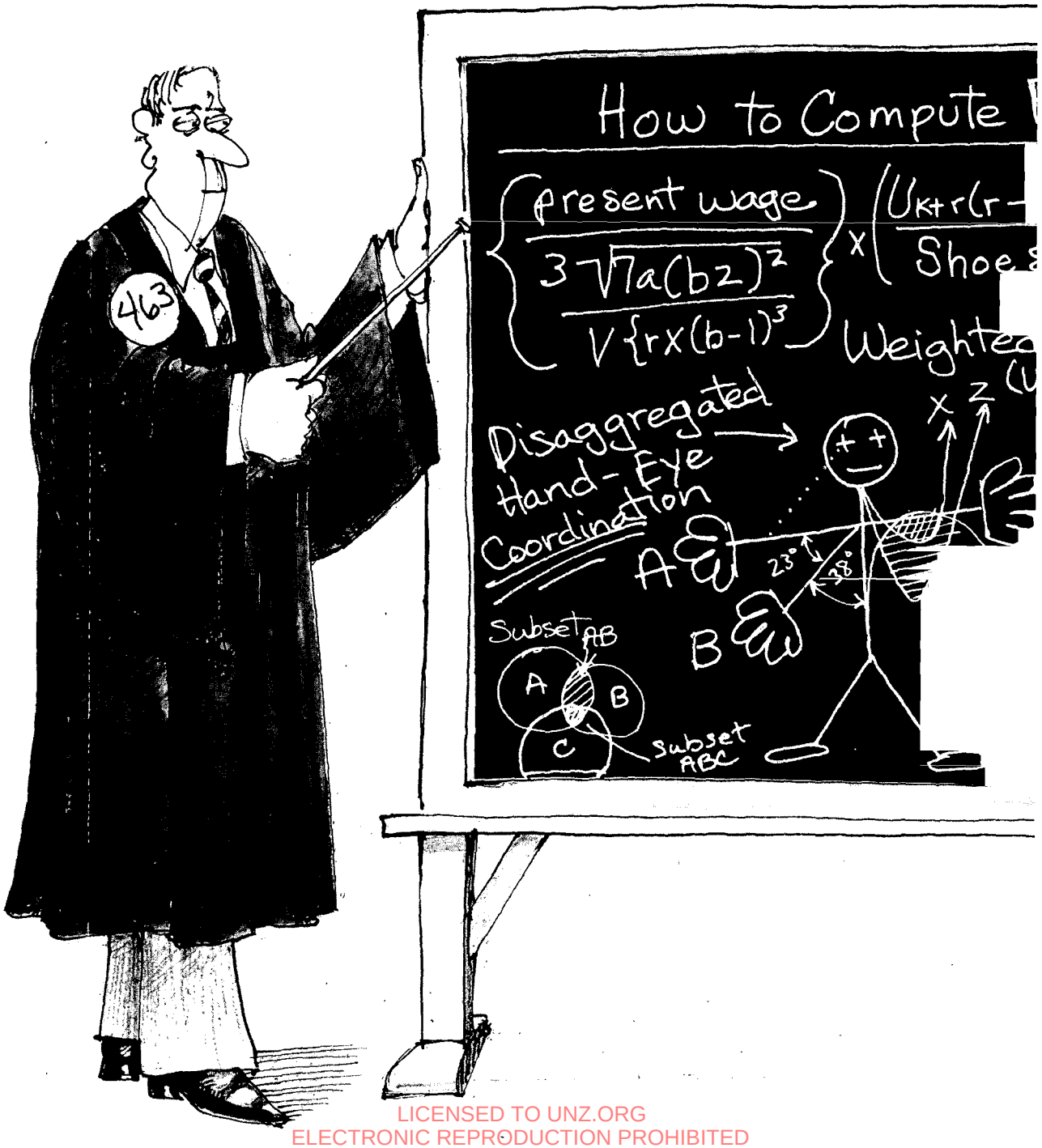
Another Te



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▪ by Geoffrey Cowley

Last November, a federal judge in Tacoma, Washington, made national news by ruling that the state had discriminated against women. Sex discrimination lawsuits are hardly new to American life, but the issue in Washington was not whether the state was willing to hire women, or whether it offered equal pay for equal work. Rather, it was whether the 15,000 state workers holding traditionally female jobs—nurses and secretaries, for example—should be paid the same as those holding "comparable," male-dominated jobs in different trades, like plumbing or carpentry. In deciding against the state of Washington, Judge Jack Tanner declared that Title VII of the 1964 Civil Rights Act "was designed to bar not only overt employment discrimination, but also practices that are fair in form but discriminatory in operation," among which he counted the state's failure to grant equal pay for work of comparable worth. Tanner found the state guilty of "pervasive and intentional" discrimination, and promptly awarded the plaintiffs a projected $1 billion in back pay and wages.

No one missed the opportunity to hail the ruling as a major turning point in the battle against sexism. "The state of Washington was the defendant in this case," said a local spokesman for the American Federation of State, County, and Municipal Employees, the union that brought the suit, "but all of society was on trial. This ruling gives us great cause for hope, because it will provide a model for other suits across the country." Dan Evans, the Republican ex-governor recently elected to fill Henry Jackson's Senate seat, proposed that Congress create a commission to "study how the federal government. . .can root out gender bias" within its own workforce. And Gary Hart, who along with Walter Mondale, John Glenn, and Alan Cranston has jumped on the comparable worth bandwagon, was so over-

Geoffrey Cowley is a staff writer for the Seattle Weekly.

Illustration by Andy Meyer

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come with enthusiasm that he hopped a plane to Seattle to hold a press conference where he called Tanner's decision "a national example of how women's organizations and unions can use existing laws to destroy wage discrimination."

Support for the notion of comparable worth has come to be expected of anyone who claims to care about the equality of women in our society. Proponents of the doctrine rightly argue that "equal pay for equal work" is only a partial solution to the problem women face in the workforce. The average working woman earns only 62 cents for every dollar a man earns. Women's groups correctly point out that the real problem isn't that female professionals are paid less than their male counterparts; if half of all lawyers were women who received the same salaries as their male colleagues, a wide income gap would still exist. The real problem, they say, is that secretaries and other women who toil in traditionally "female occupations" are making considerably less than men who possess the same, or lower, levels of skill, intelligence, and responsibility.

The egalitarian appeal of the comparable worth principle is obvious: why *shouldn't* a female secretary with an M.A. in English literature and responsibility for managing the office's accounts get paid the same as a Teamsters truck driver who hauls frozen chickens? But when it comes to larger problems of inequality faced by both women and society at large, comparable worth is a principle that will ultimately prove not merely inadequate, but destructive. Its greatest asset is that it affords politicians a way to demonstrate their solidarity in the battle for sexual equality, while leaving all the necessary little details that the "comparable worth" standard implies—like deciding who is worth what, and exactly how one goes about comparing the job of a deputy assistant to the administrator to that of a cleaning woman—to somebody else. And it isn't hard to figure out who that "someone else" is going to be. When Tanner's decision was handed down, lawyers and consultants everywhere no doubt experienced something akin to the thrill felt by Cortez when he first gazed upon the shimmering Aztec temples of Tenochtitlan.

Take a Number, Please

The state of Washington first began to toy with the idea of comparable worth back in 1973, when then-Governor Dan Evans hired the Seattle consulting firm of Norman D. Willis & Associates to figure out whether the state was paying women as much as it was paying men at "a comparable level" of skill and responsibility. The study found a 20 percent wage gap. For example, laundry workers, who were mostly women, were estimated to be worth the same as low-level truck drivers, who were mostly men, but the laundry workers were making 41 percent less than the truck drivers.

Perhaps you're wondering how to figure out how much a laundry worker is worth. After all, such questions have perplexed philosophers and theologians for centuries. (They have even been known to give personal-injury lawyers some difficulty.) The answer is to develop "point-factor job evaluation systems" to do the job for you.

Each system works on a slightly different conception of "worth," of course, but all share a cheerfully mathematical view of qualities that you would think would be hard to quantify. Let's take a closer look at the Willis scale, which Judge Tanner relied on in making his decision. It assumes that the worth of any job, from circus clown to key-punch operator, varies in relation to the "knowledge and skills," "mental demands," "accountability," and "working conditions" it entails. Each of these components is further broken down into two or three subcomponents, and points are awarded on the basis of each one. Under "accountability," for instance, you can win points for your "freedom to take action" as well as for the nature and size of your "impact." Admittedly, the guidelines the instruction manual for the system offers are somewhat informal; for example, on "impact," the consultants instruct, "The simplest way to look at Size is to say the job most clearly impacts on something BIG, or on something LITTLE, or on something IN-BETWEEN."

The "knowledge and skills" component breaks down into "managerial," "interpersonal," and "technical" dimensions, each of which carries its own rating. To top out on the "managerial" scale, you have to manage "subfunctions that have significantly different natures, or where the end results of the subordinate subfunctions tend to be conflicting or competitive with each other and require special harmonizing." Got that? In English, "you have to know how to do different things and how to play your assistants against one another." There are two kinds of "mental demands"—"judgment" and "problem solving"—and three kinds of "working conditions"—"uncomfortable," "strenuous," and "hazardous."

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Imagine a world where executives knocked back martinis while they fretted about ever making F1Y 380 E4-k 122 E1D 160

To calculate all these factors, Willis assembled a group of people from within the state civil service. These civil servants reviewed job descriptions, interviewed their fellow workers and then, after much solemn mutual consultation, assigned each job a score. Thus a clerk-typist became a "152," or, to be more precise, a "C1N 106 C2-f 23 C1N 23 L1A 0." Broken down, this meant a clerk-typist scored 106 on "knowledge and skills," 23 on "mental demands," 23 on "accountability," and 0 on "working conditions." (A score of 0 on "working conditions" is the Willis method's understated way of saying either that the employee has nothing to complain about or that he or she is working in embarrassingly plush surroundings. Because there are no negative points on the Willis scale, access to excessive perks does not lower anybody's score.) Broken down still further, the clerk-typist rating on "knowledge and skills" is level C on a "technical" scale from A to G, level 1 on a "managerial skills" scale of one to three, and level N on an "interpersonal skills" scale that is too complicated to explain without the aid of an astrolabe and a mood ring.

With the help of Willis's team of metaphysicians, Washington state calculated the worth of every civil service job category on the payroll. These were unveiled in 1974, revealing the awkward 20 percent gap between what women were earning and what their male "comparability" counterparts were earning. True to a long-standing tradition of how to respond to consultants bearing bad tidings, Evans ordered a second, more detailed Willis study. This study, published in 1976, estimated that the wage gap between "comparable" men and women could be closed by paying the women $38 million more a year. (What? Lower the wages for the men instead, you say? You must be kidding.) The $38 million gap struck the legislature as a problem warranting still further study. By July 1982 AFSCME had run out of patience, and filed suit.

The decision that resulted will be a serious blow to the finances of Washington state. The state will now have to cough up not $38 million, as the second Willis study showed, but an estimated $1 billion over the next 18 months. When Winn Newman, the lawyer who argued AFSCME's case, was asked about this he answered, "Congress didn't put a price tag on ending discrimination when it passed the Civil Rights Act. It didn't say to employers, 'Stop underpaying women and minorities when you think it's convenient.' The only ones saying we can't *afford* to stop discrimination are bigots—bigots and people with an interest in perpetuating it."

Surprisingly, the decision was disowned by none other than Norman Willis, who, despite the hubris of his worth-measuring enterprise, recoils at the thought that his or anybody else's scorecard should become law. Even some of those who support the decision seem hard-pressed to find a sound legal basis for Tanner's reasoning. When I asked Gary Hart about this, for example, he said, "I don't think it's appropriate for legislators to run around commenting on judicial rulings," even though that's exactly what he had come to Seattle to do.

Move Over, Max Planck

Hart and Newman have their hearts in the right place; we *do* want to pay people what they deserve, rather than what society's petty prejudices dictate. But if the courts are going to define "discrimination" so broadly that it applies to people who do different things and earn different salaries, they can't just go around measuring it on any scale they like—there will have to be state and federal laws saying there shall always be, say, three kinds of occupational adversity, as opposed to two or 20, and just two kinds of mental demands. Otherwise, employers will start defining worth any way they please. Truck drivers could end up being paid entirely on the basis of their familiarity with *Finnegans Wake*.

Getting the nation to unite behind the Willis or the Hay or the Jones system of worth detection will be tricky, for we all have direct, and conflicting, interests in how the scale is calibrated. A ditchdigger could argue that the Willis system favors mental over physical exertion, a typist that

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it doesn't adequately register boredom. And anyone could claim, rightfully, that it gives more weight to meaningless job requirements—for instance, why should a probation officer need a master's degree—than it does to individual initiative and resourcefulness.

But even if we agree on a scale, we'll have to accept the possibility that it will produce widely different results when applied in different environments. Unless we take the next step, which is to treat the whole economy as a single firm and determine the proper salary for every position in it, we'll have no way of knowing that secretaries are keeping up with each other, let alone staying ahead of the nation's janitors.

Imagine the nightmarish society that might result. A waitress down at Uncle Bob's House of Ribs might sue her boss because her sister-in-law was getting twice as much (and better tips) waiting tables at the diner across the street. Executives would knock back martinis after coming home on the five-forty-eight and torment themselves about their prospects for ever making F1Y 380 E4-k 122 E1D 160 L1A O. Children would have new ways to taunt one another in the sandbox:

"My daddy's a 634!"

"Oh yeah? Well, *my* daddy's a 723, and he says if he can harmonize subordinate subfunctions three more times this week we can go to Bermuda!"

AFSCME isn't proposing anything as ambitious as a planned economy, of course; it is simply claiming that individual employers have an obligation to rise above the sexism inherent in the marketplace. Once employers have done away with the wage gap between men's and women's professions, a spokesman for the union says, the problem will have been solved and everything will return to normal.

But will it? Many civil servants in Washington state who hold jobs as "worthy" as other, higher paying jobs are men. But unless they can prove that they're being discriminated against for performing "women's work"—legally defined as any job where women comprise more than 70 percent of the workforce—they won't get the raise that the nurses and the secretaries will get. It isn't hard to imagine the next step: a lawsuit by the men, arguing that they deserve "comparable worth" raises, too.

Then there are the inevitable adjustments that will have to be made to keep the worth scale up-to-date. Maintaining a standard as vague as "worth" could make quantum mechanics look simple. It's fairly easy for the Equal Employment Opportunity Commission to spot a disparity in the wages an employer pays men and women to perform "equal work"; all it takes is a glance at the payroll. But checking out a comparable-worth complaint would be quite another matter. In order to determine whether a Lockheed audit-machine operator II was legally entitled to the same pay as a senior stem-dryer maintainer, the EEOC would have to haul in a committee to perform a company-wide worth analysis.

> The problem of sexual discrimination is real, but the principle of comparable worth would only enshrine society's larger inequalities.

The courts, too, would have to evaluate the working of an entire industry every time they heard a discrimination suit. Major civil rights battles would turn on such questions as whether error-free typing is a greater corporate asset than leak-free plumbing, or whether sitting at a VDT places greater strain on Betty's eyes than pipefitting places on Jack's back. And does Doris, the floor manager at Sears, "most clearly impact on something IN-BETWEEN" as opposed to "something LITTLE"?

If the administrative and judicial aspects of comparable worth are messy, the economics could be even messier. In the marketplace, people are paid in part according to the availability of labor. At Weyerhaeuser, for example, where a Willis comparable worth survey rated the job of personnel manager at 916 and that of pulp mill superintendent at 760, pulp mill superintendents make more money than personnel managers—because good ones are harder to find. Under a comparable worth standard, Weyerhaeuser could end up with two choices: pay the pulp mill superintendents less, thereby making good ones even harder to find, or give the desk-bound manager a big raise.

Comparable worth also creates problems for labor-management relations. Subjected to the worth standard, many existing collective-

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bargaining agreements could be shown to have disparate impacts on men and women in different jobs. And if the unions that negotiated those agreements didn't move fast enough to pin the blame on the employers, as AFSCME did in its claim against Washington state, they could face massive lawsuits from their own members. (In fact, the AFSCME local that brought the suit against Washington pays its own employees not on the basis of comparable worth but by the same allegedly sexist pay scales used by the state.)

Worthier Than Thou

Advocates of the worth standard insist that this is all beside the point; as Newman says, you can't put a price tag on discrimination. But if anyone's putting a price tag on justice, it's the worth proponents themselves. Just take a look at the Willis scale. A beginning licensed practical nurse scores 158 comparable worth points, while an "Information Specialist III"—an experienced PR flack—scores 324. Or look at a janitor, who scores 101, while an "Advisory Sanitarian II"—someone who doesn't actually clean anything himself, but makes sure local hospitals and nursing homes do—scores 395. Why on earth should our society value people who issue press releases or fill out reports all day long more than people who save lives and do the dirty work?

This is the most pernicious aspect of comparable worth—it would do nothing to endanger the larger inefficiencies and inequalities that are built into the present hierarchy. In fact, it would solidify them by giving them the force of law. Whereas today we overpay lawyers regardless of their need, skill, and general value to society, because we are irrationally adversarial, credential-loving snobs who hope someday to behave more sensibly, in a world governed by comparable worth we would do so because it is the law. The purpose of comparable worth is not to balance the earnings of lawyers and secretaries who make equal contributions to the common good, but to make fine distinctions about the "worth" of jobs already accorded roughly the same status within society.

The comparable worth scale reflects the same credentialism that corrupts the society it is designed to mirror. Why is an advisory sanitarian any worthier than a janitor? Because it is suggested that advisory sanitarians have "an M.A. in public health, environmental health, or a closely allied field," and you must be registered as a sanitarian—an affiliation whose only advantage might be that its monthly four-color newsletter, *Sanitarians Today*, advertises cheap charters to Luxembourg. AFSCME doesn't have any problem with unequal arrangements that result from society's obsession with credentialism; to the contrary, one official of the union was quoted a couple of years ago as complaining, "When a person whose job requires a college education makes less than what is basically a common laborer, there's something wrong." Advocates of comparable worth don't want to achieve equality or a system of rewards based on true merit. They want a merit-blind system of inequality.

Willis insists that his scale doesn't pretend to measure a person's contribution to the social good. Instead, it is a "bias-free instrument." But what does this bias-free instrument measure? It measures the biases of society. That's the problem. When a lawyer calls in his secretary to ask her to type up a brief on comparable worth, he isn't demonstrating to her his willingness to flatten the income curve; he's demonstrating to her the inevitability of her inferior status. Even if she's the best secretary in the world, and he the worst lawyer, comparable worth dictates that the lawyer will always be worth more than the secretary.

There are far better ways to fight sexual discrimination in the workplace. Where sexism obviously exists in hiring decisions, an anti-discrimination lawsuit is just one way to apply pressure. Another is to combat the deep-seated cultural prejudices that funnel women into jobs like that of secretary and nurse to begin with. And a final remedy is to fight the rigid rules that exist to keep women—and men—who occupy the lower status rungs in their place. Nurses and midwives, for instance, should have more freedom to perform essential medical services. And legal secretaries ought to have the authority to prepare wills and other documents that they now draw up for their bosses.

Obviously, the problem of sexual discrimination runs deep in our society. At least for a while, there will still be bosses who look upon their underpaid—and more intelligent—secretaries with condescension and perhaps lust. But comparable worth, appealing as the idea might sound, won't help end that inequality. Instead, it will enshrine it, while fine-tuning lesser inequalities through the use of questionably "scientific" means to measure what is ultimately unmeasurable. ■

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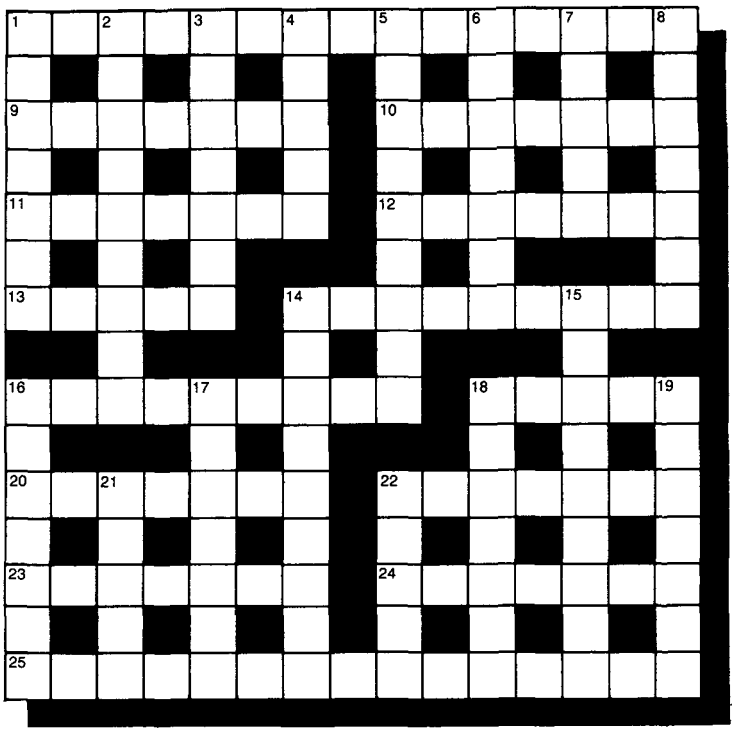
POLITICAL PUZZLE



by John Barclay

The numbers indicate the number of letters and words, e.g., (2,3) means a two-letter word followed by a three-letter word. Groups of letters, e.g., USA, are treated as one word.

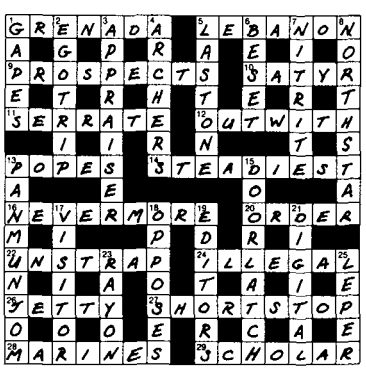
ACROSS

1. Part of government responsible for capital punishment? (9,6)
9. Involves salient construction. (7)
10. One path arranged for vehicle. (7)
11. Displacement of atmosphere around horse. (7)
12. Oddly mourn if consistent. (7)
13. Frazzled lady takes in one morning newspaper. (5)
14. Great leader Musial swallows ground meats. (9)
16. They show the way to autograph assignments? (9)
18. Geometric shape around on 99. (5)
20. Seafood delicacy disparaged, we hear. (7
22. Presume, improperly, the ultimate. (7)
23. Part of London—"n" perhaps. (4,3)
24. Controlled where king is not allowed to stay. (2,5)
25. Showman makes President take it back then finger a high rock. (15)

DOWN

1. In little current before Kennedy. (7)
2. Reaching former decade bell sound. (9)
3. State tax scheme puts God back in agreement. (7)
4. Fight about particular magazine? (5)
5. Supports weddings? (9)
6. Achieve combination of zeal and ire. (7)
7. Denial disturbing to son. (3,2)
8. Executor for some deceased. (7)
14. Sentence or animation. (9)
15. Reorganized Met cinema is filling. (9)
16. Eat lightly, swallowing fish, to cause alarm. (5,2)
17. Demonstration in favor of nuclear exercise? (7)
18. Duplicate bad act for mimic. (7)
19. Supermarket employee on the board. (7)
21. Mistakenly sail East for the passageway. (5)
22. Stalling without everybody to cause pain. (5)

Answers to last month's puzzle:



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POLITICAL BOOKNOTES

Atlantic City Gamble. George Sternlieb, James W. Hughes. *Harvard Univ. Press, $16.50.* Casinos were heralded as the way to generate urban renewal, new jobs, and tax revenue for Atlantic City, the "South Bronx by the Seashore." But instead of bringing urban revitalization, the authors of this thoughtful study tell us, they have shattered the community's formerly diverse economic base. Land speculation has run amok, dislocating businesses and residents who can't afford the sky-rocketing property taxes and 400 percent rent increases. Regulation and nourishment of the casino industry have become the official municipal obsessions, while the orginal problem of urban blight is ignored. And although 30,000 new jobs have been created, the bulk of casino employees come from the suburbs.

—Ben Holmes

Bernard Baruch: The Adventures of a Wall Street Legend. James Grant. *Simon and Schuster, $19.95.* Bernard Baruch's name first appeared in political circles at the bottom of a check. But Baruch grew to be much more than a source of campaign funds; he was a sponsor of influential journalists like Herbert Bayard Swope and Arthur Krock and a counselor to Woodrow Wilson, Winston Churchill, and Franklin Roosevelt.

Still, Baruch was rarely all he was cracked up to be. Grant reveals that, contrary to myth, the great man did not unload his stock prior to the Crash of 1929. Nor was he ever as wealthy as often reported.

—Ronald Brownstein

Class Act: America's Last Dirty Secret. Benita Eisler. *Franklin Watts, $18.95.* An illuminating contrast to Paul Fussell's *Class,* reviewed last month. The author lacks Fussell's literary pretensions but also his skill. She comes across as an intelligent person, who has never been forced to be rigorous instead of chatty. She rarely pursues a point for more than a few paragraphs, and she tends to dance through transitions with remarks such as "To the barricades!" (That is how she ends an otherwise thoughtful chapter about TV portrayal of working-class life.)

Still, Benita Eisler has conducted an honorable, informative, and often insightful exploration of the same terrain Fussell recklessly skidded across. The principal difference is that she has done some reporting. She says that while preparing the book she interviewed hundreds of people, "from welfare mothers to self-made millionaires." No, that doesn't constitute a statistically reliable sample; but the interviews apparently steered the author toward some fresh suggestions about the modern implications of class.

Among other things, she emphasizes two circumstances that can dramatically affect life prospects, even though they have little to do with traditional "class" traits of birth or breeding. One is divorce, which can impoverish all parties, especially the former wife, and which, contrary to popular impression, is least common in the professional classes. The other is the choice to remain "child-free," which lifts a financial millstone from a couple's neck. The author, herself a mother, says that the child-free are growing impatient with such burdensome obligations as paying taxes for the public schools. One 33-year-old investment analyst told her: "I don't want to hear the yells of kids on tricycles on Saturday morning and I really don't want to subsidize them either."

—James Fallows

The Command and Control of Nuclear Forces. Paul Bracken. *Yale Univ. Press, $19.95.* Many defense intellectuals contend that controll-

"One of the most important records of this century."
—Arthur Schlesinger, Jr.

Concluding the provocative personal record of an extraordinary career, this volume of David Lilienthal's journals offers an insider's view of the personalities and events which shaped the '70s. His friendships with world leaders and his continuing involvement with such key issues as nuclear arms, environmental protection, and energy policy bring immediacy and authority to a first-person chronicle that Allan Nevins has called "an unmatched and probably unmatchable record."

THE JOURNALS OF
DAVID E. LILIENTHAL

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ing and stopping a nuclear war, once one broke out, would be almost impossible, but few have really explained why. Bracken, a Yale professor and a former strategic analyst at Herman Kahn's Hudson Institute think-tank, does just that. He clearly shows how the organizational elements of today's nuclear arsenals will probably contribute to a breakdown of political control from the outset of a serious nuclear alert, in much the same way that the inflexible, tightly wound war machines of 1914 inexorably propelled the European nations into World War I—even against their leaders' intentions—once military mobilization began. Bracken carefully describes this complex apparatus and lays out plausible scenarios, step-by-step, of how international crises could generate nuclear war. He is especially good on the vulnerability of command-control systems and the extremely tight integration of intelligence and warning networks with the triggering of the weapons themselves—a feature that may be necessary in an age when a possible Soviet ICBM attack is only 30 minutes away, but one that could also mean fatal miscalculations.

—Fred Kaplan

The Culture of Consumption. Richard Fox, T.J. Jackson Lears, eds. *Pantheon, $9.95.* The image these days of Americans as rampant consumers easily manipulated by advertising verges on cliche. What saves this collection of essays, written by six left-leaning academics, is its historical approach, which tracks America's transition from a 19th-century "production-oriented society of small entrepreneurs" to our "consumption-oriented society [of] bureaucratic corporations." By 1924 a newspaper in Muncie, Indiana, was stating that "the American citizen's first importance to his country is no longer that of citizen but that of consumer."

The essays—which range in topic from the "consuming vision" of Henry James to the selling of the Apollo space program—contend that consumerism arrived as the natural result, rather than the planned conspiracy, of corporate capitalism.

—James Gibney

Deadly Business: Sam Cummings, Interarms and the Arms Trade. Patrick Borgan, Albert Zarca. *Norton, $17.95.* The forgiving authors conclude that Cummings, who operates the largest private arms-trading company in the world, is a good businessman in an unsavory business. But his guiding moral principles could have been lifted from an NRA bumpersticker: Guns Don't Kill People, People Kill People, and If I Didn't Sell Arms Someone Else Would.

—Anne Depue

Decadent Societies. Robert Adams. *Northpoint Press, $16.* This short, quirky, provocative book surveys five powerful societies that eventually decayed—Rome, Byzantium, pre-Revolutionary France and Russia, and the British Empire—and then attempts to apply the lessons to modern America. Unlike most such historical inquiries, the lessons Adams deduces do not seem doctored to fit any particular political line. He is as insistent about the dangers of a disenfranchised lower class as about those of a society reluctant to bear arms to defend its interests. The writing is sharp, and the reading is fun. But the confident generalizing sweep of the historical section begins to seem over-confident when Adams reaches the 20th century. I began to wonder, Did the statements about the Eastern Empire sound so convincing mainly because I know so little about Constantinople?

—James Fallows

DES: The Bitter Pill. Robert Meyers. *Seaview, $17.95.* Meyers, a former *Washington Post* reporter, brings us up to date on the continuing tragedy of DES, a synthetic estrogen that was given to six to ten million women to prevent miscarriages and has been linked to a previously rare form of vaginal cancer. Though early evidence from animal tests showed that DES caused cancer, the lure of a vast new market for the drug industry and the belief that preventing miscarriages was almost a national cause led us to ignore all warnings.

—Jonathan King

Family Politics: Love and Power on an Intimate Frontier. Letty Cottin Pogrebin. *McGraw-Hill, $14.95.* Pogrebin overstates her case against the conservative familyism of Phyllis Schlafly and the New Right, but she is persuasive in arguing that the family can continue to be the backbone of our society without having to fit the stereotype of the bread-winning husband and the wife who stays home to take care of her two well-scrubbed kids. The fact is that only 5 percent of U.S. households fit that stereotype.

—Quinith Janssen

None is Too Many. Irving Abella, Harold Troper. *Random House, $17.95.* This study of Canada's immigration policy regarding Jewish refugees from Hitler's Europe is full of harrowing examples of bureaucratic stupidity and anti-semitism. Among the examples: Jews from German-occupied countries were treated as enemy nationals (they might be Nazis), and refugees from Vichy, France were required to provide accurate documentation, even where such identification was the kiss of death.

—John Lieber

Recapitalizing America. S.M. Miller, Donald Tomaskovic-Dewey. *Routlege and Kegan Paul, $16.95.* The authors argue that economic policies built on boosting U.S. exports and international free trade have a built-in catch: they subject American workers to constant pressure for givebacks to match their low-wage counterparts abroad. The authors, who think it's possible to maintain our standard of living and still compete in international markets, call for new economic policies based on "job-centered growth," a "participatory social sector," and democratic planning. Unfortunately, when it comes time to translate those ideas into concrete proposals, they do little more than vaguely admonish our policy-makers to go forth and do good.

—Alfred Watkins

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